

RICHTERSVELD

MUNICIPALITY



**MUNISIPALITEIT
RICHTERSVELD
MUNICIPALITY**

Die Richtersveld leuse is:

!Ghâi //Khoredi

Dit beteken: "Strewe na sukses" in Nama

FINANCIAL STATEMENTS

30 JUNE 2017

RICHTERSVELD MUNICIPALITY

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RICHTERSVELD MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

NATURE OF BUSINESS

Richtersveld Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Richtersveld Municipality includes the areas of Port Nolloth, Eksteensfontein, Kuboes, Alexander Bay, Sandrift and Lekkersing.

MUNICIPAL MANAGER

D Maposa (Acting)

CHIEF FINANCIAL OFFICER

ME Basson

REGISTERED OFFICE

Private Bag X113
PORT NOLLOTH
8280

AUDITORS

Auditor-General
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

First National Bank

ATTORNEYS

Tobie Kotze & Van Sitterts
Schreuders

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

COUNCIL OF THE RICHTERSVELD MUNICIPALITY

WARD

1
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Proportional
Proportional
Proportional
Proportional
Proportional
Proportional

COUNCILLOR

WJP Links
A Bock (appointed 18/08/2016)
G Beukes
LR Ambrosini (resigned 10/08/2016)
CJ Stuurman (appointed 18/08/2016)
AM Jansen
EN Hausiku (resigned 10/08/2016)
CF de Lange Richter (resigned 10/08/2016)
T Swartbooi
R Jonker
SM Isaaks (appointed 18/08/2016)

RICHTERSVELD MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2017, which are set out on pages 1 to 93 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

D Maposa (Acting)
Acting Municipal Manager

Date

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R	2016 R
NET ASSETS AND LIABILITIES			
Net Assets		112 476 399	119 570 035
Capital Replacement Reserve	2	739	324 254
Housing Development Fund	2	455 059	536 350
Accumulated Surplus/(Deficit)		112 020 601	118 709 432
Non-Current Liabilities		21 648 711	20 340 116
Long-term Liabilities	3	2 102 237	2 641 807
Non-current Provisions	4	16 779 072	15 096 449
Non-current Employee Benefits	5	2 767 402	2 601 859
Current Liabilities		18 180 482	12 590 299
Consumer Deposits	6	914 935	898 029
Current Employee Benefits	7	2 314 263	2 294 028
Payables from exchange transactions	8	13 445 863	7 267 382
Unspent Conditional Government Grants and Receipts	9	57 921	1 092 381
Current Portion of Long-term Liabilities	3	1 447 499	1 038 479
Total Net Assets and Liabilities		152 305 592	152 500 450
ASSETS			
Non-Current Assets		147 574 756	146 499 918
Property, Plant and Equipment	12	109 672 270	108 525 683
Investment Property	13	37 645 967	37 732 422
Intangible Assets	14	256 520	241 813
Current Assets		4 730 836	6 000 532
Inventory	15	322 589	210 436
Receivables from exchange transactions	16	1 986 680	1 380 062
Receivables from non-exchange transactions	17	907 477	1 713 829
Unpaid Conditional Government Grants and Receipts	9	-	174 291
Operating Lease Asset	18	1 146	5 009
Taxes	10	900 776	221 662
Cash and Cash Equivalents	19	612 167	2 295 244
Total Assets		152 305 592	152 500 450

RICHTERSVELD MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 R	2016 R
REVENUE			
Revenue from Non-exchange Transactions		37 167 621	33 061 756
Taxation Revenue		8 479 626	9 125 817
Property Rates	20	8 479 626	9 125 817
Transfer Revenue		27 986 655	23 604 966
Government Grants and Subsidies	21	26 463 904	23 600 457
Public Contributions and Donations	22	1 522 751	4 509
Other Revenue		701 340	330 972
Fines		113 062	23 106
Actuarial Gains	5	-	-
Other	28	588 279	307 867
Revenue from Exchange Transactions		30 066 157	27 632 016
Property Rates - penalties imposed and collection charges		1 471 266	1 170 080
Service Charges	23	22 226 160	21 148 445
Rental of Facilities and Equipment	24	1 946 956	1 720 520
Interest Earned - external investments	25	186 692	390 007
Interest Earned - outstanding receivables	26	2 715 278	2 371 571
Licences and Permits		301 193	154 710
Income for Agency Services		431 378	418 258
Other Income	27	787 234	258 424
Total Revenue		67 233 778	60 693 772
EXPENDITURE			
Employee related costs	28	(24 919 349)	(21 028 626)
Remuneration of Councillors	29	(2 119 241)	(2 219 566)
Debt Impairment	30	(6 817 852)	(6 707 442)
Depreciation and Amortisation	31	(7 177 869)	(5 646 302)
Unamortised Discount - Interest		-	(4 469)
Actuarial Losses	5	(21 950)	(58 517)
Finance Costs	32	(1 658 316)	(1 164 156)
Bulk Purchases	33	(12 921 312)	(12 021 117)
Contracted Services	37	(1 806 331)	(1 683 430)
General Expenses	34	(13 720 864)	(12 573 536)
Total Expenditure		(71 163 084)	(63 107 161)
Operating Surplus for the Year		(3 929 305)	(2 413 389)
Gains/(Loss) on Sale of Assets	35	(2 760 464)	(112 461)
(Impairment loss)/Reversal of impairment loss	36	(403 866)	(54 965)
NET SURPLUS/(DEFICIT) FOR THE YEAR		(7 093 635)	(2 580 816)

RICHTERSVELD MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Capital Replacement Reserve R	Housing Development Fund R	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2015	1 537 401	588 102	152 675 779	154 801 282
Correction of Error - Note 38.8	-	-	(35 487 485)	(35 487 485)
Restated balance	1 537 401	588 102	117 188 294	119 313 798
Net Surplus/(Deficit) for the year	-	-	(2 580 816)	(2 580 816)
Net Surplus/(Deficit) previously reported	-	-	(2 443 956)	(2 443 956)
Effects of Correction of Errors - Note 38.9			(136 860)	(136 860)
Transfer to/from CRR	(462 443)	-	462 443	-
Property, Plant and Equipment purchased	(750 705)	-	750 705	-
Restatement of Property, Plant and Equipment	-	-	2 837 051	2 837 051
Transfer to Housing Development Fund	-	(51 752)	51 752	-
Restated balance	324 254	536 350	118 709 431	119 570 033
Net Surplus/(Deficit) for the year	-	-	(7 093 635)	(7 093 635)
Transfer to/from CRR	(323 514)	-	323 514	-
Property, Plant and Equipment purchased	-	-	-	-
Restatement of Property, Plant and Equipment	-	-	-	-
Transfer to Housing Development Fund	-	(81 290)	81 290	-
Balance at 30 June 2017	739	455 060	112 020 601	112 476 398

RICHTERSVELD MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 R	2016 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		8 634 365	6 566 400
Service Charges		19 639 847	18 942 642
Fines		113 062	23 106
Rental of Facilities and Equipment		1 946 956	1 720 520
Operating Leases		3 863	3 538
Public Donations		248 148	4 509
Licences and Permits		301 193	154 710
Income for Agency Services		431 378	418 258
Other Income		1 375 512	566 291
Government - Operating		17 923 525	19 027 000
Government - Capital		7 680 211	5 202 000
Interest		186 692	390 007
Cash payments			
Suppliers		(23 052 318)	(24 206 519)
Employees		(27 110 058)	(23 218 433)
Finance costs		(558 380)	(94 500)
Net Cash from Operating Activities	39	7 763 996	5 499 529
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(8 896 306)	(6 153 678)
Proceeds on Disposal of Fixed Assets		1 119 551	-
Purchase of Intangible Assets		(102 116)	(17 863)
Decrease/(Increase) in Non-Current Debtors		-	-
Net Cash from Investing Activities		(7 878 871)	(6 171 541)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase/(Decrease) in Consumer Deposits		16 907	35 531
Repayment of Borrowing		(1 826 949)	(709 956)
Net Cash from Financing Activities		(1 810 042)	(674 425)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1 924 916)	(1 346 437)
Cash and Cash Equivalents at the beginning of the year		2 295 244	3 641 680
Cash and Cash Equivalents at the end of the year	40	612 167	2 295 244
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(1 683 077)	(1 346 436)

RICHTERSVELD MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
			(i.t.o. s28 and s31 of the MFMA)		(i.t.o. s31 of the MFMA)	(i.t.o. Council approved by-law)		2017	%
		R	R	R	R	R	R	R	
ASSETS									
Current Assets									
Cash		(188 935)	(1 866 360)	(2 055 295)	-	-	(2 055 295)	537 812	-126.17%
Call Investment Deposits		-	-	-	-	-	-	74 355	100.00%
Consumer Debtors		13 990 304	-	13 990 304	-	-	13 990 304	2 373 598	-83.03%
Other Debtors		-	-	-	-	-	-	1 422 481	100.00%
Current Portion of long-term receivables		-	-	-	-	-	-	-	-
Inventory		174 651	-	174 651	-	-	174 651	322 589	84.71%
Total Current Assets	43.2.1	13 976 020	(1 866 360)	12 109 660	-	-	12 109 660	4 730 835	39.07%
Non-Current Assets									
Long-term receivables		172 892	-	172 892	-	-	172 892	-	-100.00%
Investments		-	-	-	-	-	-	-	-
Investment Property		46 470 801	-	46 470 801	-	-	46 470 801	37 645 967	-18.99%
Investment in Associates		-	-	-	-	-	-	-	-
Property, Plant and Equipment		156 287 017	-	156 287 017	-	-	156 287 017	109 672 270	-29.83%
Agricultural Assets		-	-	-	-	-	-	-	-
Biological Assets		-	-	-	-	-	-	-	-
Intangible Assets		266 850	-	266 850	-	-	266 850	256 520	-3.87%
Other Non-Current Assets		-	-	-	-	-	-	-	-
Total Non-Current Assets	43.2.2	203 197 560	-	203 197 560	-	-	203 197 560	147 574 756	-27.37%
TOTAL ASSETS		217 173 580	(1 866 360)	215 307 220	-	-	215 307 220	152 305 592	-29.26%
LIABILITIES									
Current Liabilities									
Bank Overdraft		-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	1 447 499	100.00%
Consumer Deposits		963 687	-	963 687	-	-	963 687	914 935	-5.06%
Trade and Other Payables		10 721 316	-	10 721 316	-	-	10 721 316	13 503 785	25.95%
Provisions		1 881 969	-	1 881 969	-	-	1 881 969	2 314 263	22.97%
Total Current Liabilities	43.2.3	13 566 972	-	13 566 972	-	-	13 566 972	18 180 482	34.01%
Non-Current Liabilities									
Borrowing		2 669 414	-3 821 877	(1 152 463)	-	-	(1 152 463)	2 102 237	-282.41%
Provisions		13 781 465	-	13 781 465	-	-	13 781 465	19 546 474	41.83%
Total Non-Current Liabilities	43.2.4	16 450 879	(3 821 877)	12 629 002	-	-	12 629 002	21 648 711	71.42%
TOTAL LIABILITIES		30 017 851	(3 821 877)	26 195 974	-	-	26 195 974	39 829 193	52.04%
NET ASSETS									
Accumulated Surplus/(Deficit)		186 142 394	1 955 516	188 097 910	-	-	188 097 910	112 020 601	-40.45%
Reserves		1 013 335	-	1 013 335	-	-	1 013 335	455 799	-55.02%
Minorities' Interests		-	-	-	-	-	-	-	-
TOTAL NET ASSETS	43.2.5	187 155 729	1 955 516	189 111 245	-	-	189 111 245	112 476 399	-40.52%

RICHTERSVELD MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2017 R	%
REVENUE									
Property Rates		9 841 641	109 866	9 951 508	-	-	9 951 508	8 479 626	-14.79%
Property Rates - Penalties & Collection Charges		1 149 492	-	1 149 492	-	-	1 149 492	1 471 266	27.99%
Service Charges - Electricity Revenue		12 285 048	-	12 285 048	-	-	12 285 048	9 862 038	-19.72%
Service Charges - Water Revenue		5 831 974	-	5 831 974	-	-	5 831 974	5 383 097	-7.70%
Service Charges - Sanitation Revenue		3 406 247	-	3 406 247	-	-	3 406 247	3 624 794	6.42%
Service Charges - Refuse Revenue		3 855 379	-	3 855 379	-	-	3 855 379	3 356 231	-12.95%
Service Charges - Other Revenue		-	-	-	-	-	-	-	-
Rental of Facilities and Equipment		2 430 956	-	2 430 956	-	-	2 430 956	1 946 956	-19.91%
Interest Earned - External Investments		424 213	-	424 213	-	-	424 213	186 692	-55.99%
Interest Earned - Outstanding Debtors		1 825 340	-	1 825 340	-	-	1 825 340	2 715 278	48.75%
Dividends Received		-	-	-	-	-	-	-	-
Fines		7 314	-	7 314	-	-	7 314	113 062	1445.86%
Licences and Permits		130 431	-	130 431	-	-	130 431	301 193	130.92%
Agency Services		441 460	-	441 460	-	-	441 460	431 378	-2.28%
Transfers Recognised - Operational		17 551 000	-	17 551 000	-	-	17 551 000	17 356 517	-1.11%
Other Revenue		1 957 148	-	1 957 148	-	-	1 957 148	2 898 263	48.09%
Gains on Disposal of PPE		3 176 600	-	3 176 600	-	-	3 176 600	(2 760 464)	-186.90%
Total Revenue (excluding capital transfers and contributions)	43.2.6	64 314 243	109 866	64 424 109	-	-	64 424 109	55 365 927	-14.06%
EXPENDITURE									
Employee Related Costs		23 448 635	867 440	24 316 075	-	-	24 316 075	24 941 299	2.57%
Remuneration of Councillors		2 207 338	552 123	2 759 461	-	-	2 759 461	2 119 241	-23.20%
Debt Impairment		1 786 723	-	1 786 723	-	-	1 786 723	6 817 852	281.58%
Depreciation and Asset Impairment		6 801 057	-	6 801 057	-	-	6 801 057	7 581 735	11.48%
Finance Charges		1 508 289	13 306	1 521 595	-	-	1 521 595	1 658 316	8.99%
Bulk Purchases		14 278 976	(795 958)	13 483 018	-	-	13 483 018	12 921 312	-4.17%
Other Materials		-	-	-	-	-	-	-	-
Contracted Services		40 207	395 528	435 734	-	-	435 734	1 806 331	314.55%
Transfers and Grants		3 391 000	-	3 391 000	-	-	3 391 000	-	-100.00%
Other Expenditure		8 985 122	943 788	9 928 910	-	-	9 928 910	13 720 864	38.19%
Loss on Disposal of PPE		-	-	-	-	-	-	-	-
Total Expenditure	43.2.7	62 447 345	1 976 227	64 423 572	-	-	64 423 572	71 566 950	11.09%
Surplus/(Deficit)		1 866 898	(1 866 360)	538	-	-	538	(16 201 023)	-3014196.06%
Transfers Recognised - Capital		24 358 000	(15 857 000)	8 501 000	-	-	8 501 000	9 107 387	7.13%
Contributions Recognised - Capital		-	-	-	-	-	-	-	-
Contributed Assets		-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions		26 224 898	(17 723 360)	8 501 538	-	-	8 501 538	(7 093 635)	-183.44%
Taxation		-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation		26 224 898	(17 723 360)	8 501 538	-	-	8 501 538	(7 093 635)	-183.44%
Attributable to Minorities		-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality		26 224 898	(17 723 360)	8 501 538	-	-	8 501 538	(7 093 635)	-183.44%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		26 224 898	(17 723 360)	8 501 538	-	-	8 501 538	(7 093 635)	-183.44%

RICHTERSVELD MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2017	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Taxation	8 134 978	109 866	8 244 844	-	-	8 244 844	8 634 365	4.72%
Service Charges	25 225 834	-	25 225 834	-	-	25 225 834	19 639 847	-22.14%
Other Revenue	4 967 308		4 967 308	-	-	4 967 308	4 420 112	-11.02%
Government - Operating	17 551 000		17 551 000	-	-	17 551 000	17 923 525	2.12%
Government - Capital	24 358 000	(15 857 000)	8 501 000	-	-	8 501 000	7 680 211	-9.66%
Interest	2 238 562	-	2 238 562	-	-	2 238 562	186 692	-91.66%
Dividends		-	-	-	-	-	-	
Payments								
Suppliers and Employees	(53 847 337)	(1 853 055)	(55 700 391)	-	-	(55 700 391)	(50 162 375)	-9.94%
Finance costs	(1 508 289)	13 306	(1 494 983)	-	-	(1 494 983)	(558 380)	100.00%
Transfers and Grants		-	-	-	-	-	-	#DIV/0!
Net Cash from/(used) Operating Activities	27 120 056	(17 586 882)	9 533 174	-	-	9 533 174	7 763 996	-18.56%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	3 176 600	-	3 176 600	-	-	3 176 600	1 119 551	
Decrease/(Increase) in Non-Current Debtors	-	-	-	-	-	-	-	
Decrease/(Increase) in Other Non-Current Receivables	10 814	-	10 814	-	-	10 814	-	-100.00%
Decrease/(Increase) in Non-Current Investments	-	-	-	-	-	-	-	
Payments								
Capital Assets	(28 279 877)	19 678 877	(8 601 000)	-	-	(8 601 000)	(8 998 421)	4.62%
Net Cash from/(used) Investing Activities	(25 092 463)	19 678 877	(5 413 586)	-	-	(5 413 586)	(7 878 871)	45.54%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Short Term Loans	-	-	-	-	-	-	-	
Borrowing long term/refinancing	-	-	-	-	-	-	-	
Increase/(Decrease) in Consumer Deposits	59 665	-	59 665	-	-	59 665	16 907	-71.66%
Payments								
Repayment of Borrowing	(1 444 545)	-	(1 444 545)	-	-	(1 444 545)	(1 826 949)	26.47%
Net Cash from/(used) Financing Activities	(1 384 880)	-	(1 384 880)	-	-	(1 384 880)	(1 810 042)	30.70%
NET INCREASE/(DECREASE) IN CASH HELD	642 713	2 091 994	2 734 707	-	-	2 734 707	(1 924 916)	-170.39%
Cash and Cash Equivalents at the year begin:	1 294 531	2 295 244	3 589 775	-	-	3 589 775	2 295 244	-36.06%
Cash and Cash Equivalents at the year end:	1 937 244	4 387 238	6 324 483	-	-	6 324 483	370 328	-94.14%

INSERT ACCOUNTING POLICY

Pages 12-48 - See Word Document

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. NET ASSET RESERVES

RESERVES	455 799	860 603
Capital Replacement Reserve	739	324 254
Housing Development Fund	455 060	536 350
Total Net Asset Reserve and Liabilities	455 799	860 603

3. LONG TERM LIABILITIES

Annuity Loans - At amortised cost	-	-
Capitalised Lease Liability - At amortised cost	3 549 736	3 680 286
	3 549 736	3 680 286
Less: Current Portion transferred to Current Liabilities	(1 447 499)	(1 038 479)
Annuity Loans - At amortised cost	-	-
Capitalised Lease Liability - At amortised cost	(1 447 499)	(1 038 479)
	2 102 237	2 641 807
Plus: Unamortised charges on loans	-	-
Balance 1 July	-	(4 469)
Adjustment for the period	-	4 469
Total Long-term Liabilities - At amortised cost using the effective interest rate method	2 102 237	2 641 807

3.1 The obligations under finance leases are scheduled below:

	Minimum payments	
Amounts payable under finance leases:		
Payable within one year	1 751 875	1 465 110
Payable within two to five years	2 258 562	2 306 865
Payable after five years	-	-
	4 010 437	3 771 975
Less: Future finance obligations	(460 701)	(91 688)
Present value of finance lease obligations	3 549 736	3 680 286

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua	Copiers	7% - 35%	0%	5 Years	30/04/2017
MTN	Samsung Tablets	9%	0%	2 Years	30/09/2016
Wesbank Corporate	Vehicles	10% - 13%	0%	5 Years	31/03/2017
Bidvest	Vehicles	8% - 14%	0%	3 Years	01/07/2019

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.
Finance Leases are secured by property, plant and equipment - Note 12

4. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	16 779 072	15 096 449
Total Non-current Provisions	16 779 072	15 096 449

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4.1 Landfill Sites

Balance 1 July	15 096 449	11 501 923
Contribution for the year	864 641	854 516
Change in Provision for Rehabilitation Cost	817 982	2 740 010
Total provision 30 June	16 779 072	15 096 449
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	16 779 072	15 096 449

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Sanddrift	Port Nolloth	Kuboes 1	Kuboes 2	Eksteensfontein	Lekkersing 1	Lekkersing 2
Area (m²)	18 000	151 200	10 500	8100	19 200	8 000	10 450
Rehabilitation volume (m³)	3 609	8 750	1 050	756	240	380	1 625
Fence (m)	540	250	670	0	120	360	100
Cost of fence (Rand)	351 000	162 500	435 500	0	78 000	234 000	65 000
Site Clearance (R70/m³)	252 613	612 500	73 500	52 920	16 800	26 600	113 750
Excavation cost (R65/m³)	733 706	1 096 405	157 969	95 000	69 000	67 050	241 250
Capping (R32/m²)	576 000	4 838 400	336 000	259 200	614 400	256 000	334 400
Preliminary and general (Rand)	286 998	1 006 471	150 445	61 068	116 730	87 548	113 160
Fees and expenses (Rand)	455 032	771 628	350 341	281 819	324 493	302 120	321 756

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date		
Port Nolloth	2032	20 341 758	19 399 341
Kuboes 1	2017	1 503 755	1 868 020
Kuboes 2	2037	2 405 373	-
Eksteensfontein	2037	3 910 855	3 774 180
Lekkersing 1	2032	2 332 611	2 159 776
Lekkersing 2	2022	1 591 573	1 536 030
Sanddrift	2027	4 755 324	4 262 345
		36 841 250	32 999 692

5. **NON-CURRENT EMPLOYEE BENEFITS**

Provision for Post Retirement Health Care Benefits	1 781 250	1 610 215
Provision for Long Service Awards	986 153	991 645
Total Non-current Employee Benefits	2 767 403	2 601 860

Post Retirement Health Care Benefits

Balance 1 July	1 770 943	1 746 642
Contribution for the year	144 177	136 611
Expenditure for the year	(193 992)	(155 387)
Actuarial Loss/(Gain)	243 161	43 077
Total provision 30 June	1 964 289	1 770 943
Less: Transfer of Current Portion to Current Provisions - Note 7	(183 039)	(160 728)
Balance 30 June	1 781 250	1 610 215

Long Service Awards

Balance 1 July	1 161 209	1 029 220
Contribution for the year	206 863	177 447
Expenditure for the year	(85 715)	(60 898)
Actuarial Loss/(Gain)	(221 211)	15 440
Total provision 30 June	1 061 146	1 161 209
Less: Transfer of Current Portion to Current Provisions - Note 7	(74 993)	(169 564)
Balance 30 June	986 153	991 645

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

5.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	-	-
Continuation members (e.g. Retirees, widows, orphans)	4	3
Total Members	4	3

The liability in respect of past service has been estimated to be as follows:

Continuation members	1 964 290	1 770 943
Total Liability	1 964 290	1 770 943

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015 R	2014 R	2013 R
In-service members	-	768 995	755 434
Continuation members	1 746 642	1 731 631	1 651 093
Total Liability	1 746 642	2 500 626	2 406 527

The municipality makes monthly contributions for health care arrangements to the following medical aid scheme:

LA Health

The Current-service Cost for the ensuing year is estimated to be R0, whereas the Interest Cost for the next year is estimated to be R164,714.

Key actuarial assumptions used:	%	%
i) Rate of interest		
Discount rate	8.79%	8.52%
Health Care Cost Inflation Rate	7.10%	7.71%
Net Effective Discount Rate	1.57%	0.75%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years (males) and 60 years (females).

iv) Expected rate of salary increases

2017/2018 - average CPI (Feb 2016 – Jan 2017) + 1 per cent
2018/2019 - average CPI (Feb 2017 – Jan 2018) + 1 per cent

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1 964 290	1 770 943
Fair value of plan assets	-	-
	1 964 290	1 770 943
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	1 964 290	1 770 943

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 770 943	1 746 642
Total expenses	(49 815)	(18 776)
Current service cost	-	-
Interest Cost	144 177	136 611
Benefits Paid	(193 992)	(155 387)
Actuarial (gains)/losses	243 161	43 077
Present value of fund obligation at the end of the year	1 964 289	1 770 943

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2017

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	-	1.964	1.964	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	-	2.130	2.130	8.00%
Health care inflation	-1%	-	1.818	1.818	-7.00%
Post-retirement mortality	-1 year	-	2.048	2.048	4.00%
Average retirement age	-1 year	-	-	-	-
Withdrawal Rate	-50%	-	-	-	-

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2018

Assumption	Current Service Cost (R)	Interest Cost (R)	Total (R)
Central Assumptions	-	164 700	164 700

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation	1%	-	179 200	179 200	9%
Health care inflation	-1%	-	151 900	151 900	-8%
Discount rate	1%	-	169 400	169 400	3%
Discount rate	-1%	-	158 800	158 800	-4%
Post-retirement mortality	-1 year	-	172 100	172 100	4%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	0.387	0.057
Assets: Gain / (loss)		-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

5.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 110 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R117 624 whereas the Interest Cost for the next year is estimated to be R86 230.

Key actuarial assumptions used:	%	%
i) Rate of interest		
Discount rate	8.42%	8.45%
General Salary Inflation (long-term)	6.24%	7.11%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.05%	1.25%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	1 061 146	1 161 209
Fair value of plan assets	-	-
	<u>1 061 146</u>	<u>1 161 209</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	<u>1 061 146</u>	<u>1 161 209</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 161 209	1 029 220
Total expenses	121 148	116 549
Current service cost	115 744	98 918
Interest Cost	91 119	78 529
Benefits Paid	(85 715)	(60 898)
Actuarial (gains)/losses	(221 211)	15 440
Present value of fund obligation at the end of the year	<u>1 061 146</u>	<u>1 161 209</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Sensitivity Analysis on the Accrued Liability on 30 June 2017

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		1.061	
General salary inflation	1%	1.128	6%
General salary inflation	-1%	1.001	-6%
Average retirement age	-2 yrs	0.920	-13%
Average retirement age	2 yrs	1.162	10%
Withdrawal rates	-50%	1.254	18%

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	(0.166)	(0.046)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

5.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2017 revealed that the fund is in a sound financial position with a funding level of 100,0% (30 June 2016 - 100,0%).

Contributions paid recognised in the Statement of Financial Performance	857 457	436 247
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DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SAMWU National Provident Fund	1 506 103	1 411 820
	<u>1 506 103</u>	<u>1 411 820</u>

6. CONSUMER DEPOSITS

Water and Electricity	914 935	898 029
Total Consumer Deposits	<u>914 935</u>	<u>898 029</u>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7. CURRENT EMPLOYEE BENEFITS

Staff Bonuses	581 929	601 130
Staff Leave	1 474 302	1 362 606
Current Portion of Non-Current Provisions	258 032	330 292
Current Portion of Post Retirement Benefits - Note 5	183 039	160 728
Current Portion of Long-Service Provisions - Note 5	74 993	169 564
Total Provisions	<u>2 314 263</u>	<u>2 294 028</u>

The movement in current provisions are reconciled as follows:

7.1 Staff Bonuses

Balance at beginning of year	601 130	518 859
Contribution to current portion	1 298 837	1 077 212
Expenditure incurred	(1 318 038)	(994 941)
Balance at end of year	<u>581 929</u>	<u>601 130</u>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

7.2 Staff Leave

Balance at beginning of year	1 362 606	1 297 751
Contribution to current portion	380 241	216 355
Contribution to non-current portion	-	32 918
Expenditure incurred	(268 546)	(184 418)
Balance at end of year	<u>1 474 302</u>	<u>1 362 606</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

8. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	9 861 864	4 887 454
Payments received in advance	1 869 055	668 665
Retentions	1 234 104	988 183
Other Creditors	79 799	122 651
Deposits: Other	401 041	330 157
Correction of Error - Note 38.1	-	270 272
Total Trade Payables	13 445 863	7 267 382

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Building Rubble and Housing Deposits.

9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	57 921	1 092 381
National Government Grants	-	931 384
Provincial Government Grants	1 162	95 357
District Municipality	-	31
Other Sources	56 759	65 609
Less: Unpaid Grants	-	(174 291)
National Government Grants	-	(160 840)
Provincial Government Grants	-	(13 451)
District Municipality	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	57 921	918 091

See appendix "D" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

10. TAXES

10.1 VAT Payable	(64 929)	-
VAT output in suspense	(2 953 714)	(2 541 539)
Less: Contribution to provision for impairment of trade receivables from exchange transactions		
Total VAT Payable	(3 018 643)	(2 541 539)
10.2 VAT Receivable	-	217 098
VAT input in suspense	3 919 419	2 546 103
Total VAT Receivable	3 919 419	2 763 201
10.3 Net VAT (Payable)/Receivable	900 776	221 662

VAT is receivable/payable on the cash basis.

11. SHORT-TERM LOANS

The Municipality has no short term loans.

12. PROPERTY, PLANT AND EQUIPMENT

[See attached sheet](#)

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

12.3 Capital under Construction

Balance on 1 July	5 544 543	10 259 821
Additions during the year	8 633 776	5 919 645
	14 178 319	16 179 466
Unbundling of Capital under Construction	(7 735 548)	(10 634 923)
Balance on 30 June	6 442 771	5 544 543

12.4 Assets pledged as security:

Leased Property, Plant and Equipment of R3 419 065 (2016: R3 878 570) is secured for leases as set out in Note 3.

12.5 Contractual commitments for acquisition of property, plant and equipment:

Approved and contracted for:	1 355 444	4 616 996
Infrastructure	1 355 444	4 616 996
Community	-	-
Other	-	-
Total	1 355 444	4 616 996
This expenditure will be financed from:		
External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	1 355 444	4 616 996
Own Resources	-	-
District Council Grants	-	-
Total	1 355 444	4 616 996

12.5.1 Change in prior year balance of Contractual Commitments

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality:

Balance previously reported:		5 836 475
Project completed in prior year and capitalised	-	(1 219 479)
Restated Balance	-	4 616 996

13. INVESTMENT PROPERTY

Net Carrying amount at 1 July	37 732 422	37 925 384
Cost	38 428 062	46 468 484
Correction of Error - Note 37.3	-	(8 040 422)
Accumulated Depreciation	(691 642)	(87 270)
Correction of Error - Note 37.3	-	(411 409)
Accumulated Impairment Loss	(3 999)	(3 999)
Acquisitions	-	-
Depreciation for the year	(86 455)	(86 455)
Correction of Error - Note 37.3	-	(106 507)
Net Carrying amount at 30 June	37 645 967	37 732 422
Cost	38 428 062	38 428 062
Accumulated Depreciation	(778 097)	(691 642)
Accumulated Impairment Loss	(3 999)	(3 999)
Revenue derived from the rental of investment property	190 314	162 338
Operating expenditure incurred on properties generating revenue	-	3 615

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

14. INTANGIBLE ASSETS

Net Carrying amount at 1 July

	241 813	324 667
Cost	673 164	655 301
Correction of Error - Note 38.4	-	-
Accumulated Amortisation	(431 351)	(370 632)
Correction of Error - Note 38.4	-	39 998
Accumulated Impairment Loss	-	-
Correction of Error - Note 38.4	-	-
Acquisitions	102 116	17 863
Amortisation	(86 156)	(100 717)
Disposals	(6 053)	-
Amortisation written back on disposal	4 800	-

Net Carrying amount at 30 June

	256 520	241 813
Cost	769 227	673 164
Accumulated Amortisation	(512 707)	(431 351)

No intangible asset were assed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There age no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

15. INVENTORY

Maintenance Materials - At cost	314 014	203 645
Water - At purification cost	8 575	6 790
RDP Properties	1	-
Correction of Error - Note 38.5	-	1
Total Inventory	322 589	210 436

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Inventory recognise as an expense during the year:

Maintenance Materials - At cost	79 418	79 418
	79 418	79 418

Materials written down due to losses as identified during the annual stores counts:

Maintenance Materials - At cost	79 195	79 195
	79 195	79 195

No inventory assets were pledged as security for liabilities.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	3 567 256	3 213 807
Water	17 200 695	14 979 489
Housing Rentals	2 242	2 373
Refuse	10 659 720	9 623 087
Sewerage	9 495 864	8 401 387
Commonage	2 104 421	1 852 401
Other Arrears	615 799	492 689
Old Services	3 679 918	2 656 170
Land Sales	(321 652)	177 493
Social Fees	509 147	518 285
Old Rentals	1 805 008	1 566 986
Correction of Error - Note 38.7	-	(124 637)
Total: Receivables from exchange transactions (before provision)	49 318 417	43 359 529
Less: Provision for Debt Impairment	(47 331 738)	(41 979 468)
Total: Receivables from exchange transactions (after provision)	1 986 680	1 380 062

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)	972 817	550 563
31 - 60 Days	73 756	328 379
61 - 90 Days	66 218	143 071
+ 90 Days	2 454 466	2 174 392
Total	3 567 256	3 196 405

(Water): Ageing

Current (0 - 30 days)	838 288	461 361
31 - 60 Days	214 419	403 139
61 - 90 Days	200 345	412 947
+ 90 Days	15 947 642	13 665 077
Total	17 200 695	14 942 524

(Housing): Ageing

Current (0 - 30 days)	(1 206)	(1 206)
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	3 448	3 579
Total	2 242	2 373

(Refuse): Ageing

Current (0 - 30 days)	525 384	248 691
31 - 60 Days	133 482	229 696
61 - 90 Days	128 321	185 261
+ 90 Days	9 872 533	8 928 856
Total	10 659 720	9 592 504

(Sewerage): Ageing

Current (0 - 30 days)	528 688	198 691
31 - 60 Days	119 366	196 540
61 - 90 Days	112 913	160 430
+ 90 Days	8 734 897	7 818 003
Total	9 495 864	8 373 664

(Commonage): Ageing

Current (0 - 30 days)	62 889	35 560
31 - 60 Days	21 023	17 882
61 - 90 Days	21 023	17 877
+ 90 Days	1 999 485	1 781 083
Total	2 104 421	1 852 401

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

				2017 R	2016 R
<u>(Old Service): Ageing</u>					
Current (0 - 30 days)				1 042 676	565 230
31 - 60 Days				-	-
61 - 90 Days				-	-
+ 90 Days				2 637 241	2 090 940
Total				3 679 918	2 656 170
<u>(Land Sales): Ageing</u>					
Current (0 - 30 days)				(439 880)	(4 068)
31 - 60 Days				-	-
61 - 90 Days				-	-
+ 90 Days				118 229	181 560
Total				(321 652)	177 493
<u>(Social Fees): Ageing</u>					
Current (0 - 30 days)				10	(60)
31 - 60 Days				-	-
61 - 90 Days				-	-
+ 90 Days				509 137	518 344
Total				509 147	518 285
<u>(Old Rentals): Ageing</u>					
Current (0 - 30 days)				53 777	26 788
31 - 60 Days				16 807	13 149
61 - 90 Days				54 642	13 149
+ 90 Days				1 679 783	1 513 901
Total				1 805 008	1 566 986
<u>(Other Arrears): Ageing</u>					
Current (0 - 30 days)				33 932	102 563
31 - 60 Days				6 742	4 435
61 - 90 Days				6 213	5 045
+ 90 Days				568 912	380 646
Total				615 799	492 689
<u>(Total): Ageing</u>					
Current (0 - 30 days)				3 617 375	2 184 113
31 - 60 Days				585 595	1 188 784
61 - 90 Days				589 676	932 735
+ 90 Days				44 525 771	39 053 898
Total				49 318 417	43 359 529
30 June 2017					
Current (0 - 30 days)	1 220 648	1 808 948	472 104	115 675	3 617 375
31 - 60 Days	26 223	500 035	33 719	25 617	585 595
61 - 90 Days	22 292	515 638	33 052	18 694	589 676
+ 90 Days	2 643 272	39 289 385	1 568 749	1 024 366	44 525 771
Sub-total	3 912 435	42 114 006	2 107 625	1 184 351	49 318 417
Less: Provision for Debt Impairment					(47 331 738)
Total debtors by customer classification					1 986 680

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Summary of Debtors by Customer Classification

	<u>Other</u>	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2016					
Current (0 - 30 days)	(177 056)	1 765 388	448 824	64 782	2 101 938
31 - 60 Days	727 921	434 299	75 619	26 702	1 264 541
61 - 90 Days	456 318	435 794	44 504	15 225	951 841
+ 90 Days	3 997 818	32 419 427	2 349 103	274 861	39 041 209
Sub-total	5 005 001	35 054 908	2 918 050	381 570	43 359 529
<u>Less:</u> Provision for Debt Impairment					(41 979 468)
Total debtors by customer classification					1 380 062

Reconciliation of Provision for Debt Impairment

Balance at beginning of year		41 979 468	37 092 712
Contribution to provision		4 694 974	4 316 353
VAT on provision		657 296	570 402
Bad Debts written off against provision		-	-
Reversal of provision		-	-
Balance at end of year		47 331 738	41 979 468

The total amount of this provision is R47 331 738 (2016:R41 979 468) and consist of:

Electricity	3 423 557	2 165 647
Water	16 507 804	14 061 970
Housing	2 152	2 124 248
Refuse	10 230 318	9 104 923
Sewerage	9 113 344	7 950 385
Commonage and Old Service	8 054 562	6 572 295
Total Provision for Debt Impairment on Receivables from exchange transactions	47 331 738	41 979 468

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	11 103 584	9 835 494
Other Receivables	520 559	509 231
KAI KAI	23 929 124	-
Correction of Error - Note 38.7	-	23 892 015
	35 553 267	34 236 740
Less: Provision for Debt Impairment	(34 645 790)	(8 593 788)
Correction of Error - Note 38.7	-	(23 929 123)
Total Receivables from non-exchange transactions	907 477	1 713 829

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	262 178	56 713
31 - 60 Days	53 607	229 460
61 - 90 Days	39 543	160 167
+ 90 Days	10 748 256	9 389 154
Total	11 103 584	9 835 494

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2017				
Current (0 - 30 days)	742 516	40 222	-	782 737
31 - 60 Days	46 113	7 494	-	53 607
61 - 90 Days	36 386	3 157	-	39 543
+ 90 Days	34 345 137	262 921	69 321	34 677 380
Sub-total	35 170 152	313 794	69 321	35 553 267
Less: Provision for Debt Impairment				(34 645 790)
Total debtors by customer classification				907 477

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>	<u>Total</u>
30 June 2016				
Current (0 - 30 days)	526 642	18 570	-	545 212
31 - 60 Days	48 443	4 020	-	52 463
61 - 90 Days	36 850	3 722	-	40 572
+ 90 Days	33 485 045	82 918	30 530	33 598 493
Sub-total	<u>34 096 980</u>	<u>109 230</u>	<u>30 530</u>	<u>34 236 740</u>
Less: Provision for Debt Impairment				(8 593 788)
Correction of Error - Note 38.7				(23 929 123)
Total debtors by customer classification				<u>1 713 829</u>

Reconciliation of Provision for Debt Impairment

Balance at beginning of year		32 522 911	6 202 700
Correction of Error - Note 38.7		-	23 929 123
Contribution to provision		2 122 879	2 391 088
Bad Debts written off against provision		-	-
Reversal of provision		-	-
Balance at end of year		<u>34 645 790</u>	<u>32 522 911</u>
The total amount of this provision is R34 645 790 (2016:R32 522 911) and consist of:			
Taxes		10 716 667	8 593 788
KAI KAI		23 929 123	23 929 123
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions		<u>34 645 790</u>	<u>32 522 911</u>

18 OPERATING LEASE ARRANGEMENTS

18.1 The Municipality as Lessor

Operating Lease Asset	<u>1 146</u>	<u>5 009</u>
<u>Reconciliation</u>		
Balance at the beginning of the year	5 009	8 546
Movement during the year	(3 863)	(3 538)
Balance at the end of the year	<u>1 146</u>	<u>5 009</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	50 072	45 853
2 to 5 Years	250 790	229 661
More than 5 Years	312 250	383 451
Total Operating Lease Arrangements	613 112	658 965

This operating lease income determined from contracts that have a specific condition income. Property is rent at market related tariffs with a annual increase of 9%. The operating lease agreement expires in 2026.

19. **BANK ACCOUNTS**

19.1 **Cash and Cash Equivalents**

Current Accounts	537 432	358 998
Call Investments Deposits	74 355	1 935 866
Cash Floats	380	380
Total Cash and Cash Equivalents - Assets	612 167	2 295 244

The municipality has the following bank accounts:

Current Accounts

First National Bank - Account Number 534 7183 1653 (Primary Bank Account):	537 432	358 998
	537 432	358 998

Call Investment Deposits

First National Bank - Account Number 620 6266 9521 (Equitable Share Account):	1 000	2 828
First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):	40 065	276 396
First National Bank - Account Number 620 7204 0555 (FMG Account):	1 000	334 599
First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):	2 826	160 411
First National Bank - Account Number 620 9751 7571 (CRR Account):	739	324 254
First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):	10 032	187 316
First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):	7 530	7 530
First National Bank - Account Number 621 3757 8433 (Projects Account):	8 009	14 302
First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):	-0	347 145
First National Bank - Account Number 622 3714 1099 (Library Account):	1 155	279 215
First National Bank - Account Number 622 7711 8313 (MIG Account):	1 000	-
First National Bank - Account Number 624 2665 8508 (EPWP):	1 000	1 872
	74 355	1 935 866

Details of current accounts are as follow:

First National Bank - Account Number 534 7183 1653 (Primary Bank Account):

Cash book balance at beginning of year	358 998	501 923
Cash book balance at end of year	537 432	358 998
Bank statement balance at beginning of year	286 028	362 269
Bank statement balance at end of year	456 116	286 028

First National Bank - Account Number 620 6266 9521 (Equitable Share Account):

Cash book balance at beginning of year	2 828	100 034
Cash book balance at end of year	1 000	2 828
Bank statement balance at beginning of year	2 828	100 034
Bank statement balance at end of year	1 000	2 828

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

First National Bank - Account Number 620 6973 7173 (Leave Gratuity Account):

Cash book balance at beginning of year	276 396	492 495
Cash book balance at end of year	40 065	276 396
Bank statement balance at beginning of year	276 396	492 495
Bank statement balance at end of year	40 065	276 396

First National Bank - Account Number 620 7204 0555 (FMG Account):

Cash book balance at beginning of year	334 599	117 336
Cash book balance at end of year	1 000	334 599
Bank statement balance at beginning of year	334 599	117 336
Bank statement balance at end of year	1 000	334 599

First National Bank - Account Number 620 9751 5880 (Consumer Deposits Account):

Cash book balance at beginning of year	160 411	152 315
Cash book balance at end of year	2 826	160 411
Bank statement balance at beginning of year	160 411	152 315
Bank statement balance at end of year	2 826	160 411

First National Bank - Account Number 620 9751 7571 (CRR Account):

Cash book balance at beginning of year	324 254	1 537 401
Cash book balance at end of year	739	324 254
Bank statement balance at beginning of year	324 254	1 537 401
Bank statement balance at end of year	739	324 254

First National Bank - Account Number 621 1760 8581 (Dev. Housing Account):

Cash book balance at beginning of year	187 316	25 924
Cash book balance at end of year	10 032	187 316
Bank statement balance at beginning of year	187 316	25 924
Bank statement balance at end of year	10 032	187 316

First National Bank - Account Number 743 3049 9861 (EFT/DBSA Account):

Cash book balance at beginning of year	7 530	7 530
Cash book balance at end of year	7 530	7 530
Bank statement balance at beginning of year	7 530	6 699
Bank statement balance at end of year	7 530	7 530

First National Bank - Account Number 621 3757 8433 (Projects Account):

Cash book balance at beginning of year	14 302	21 625
Cash book balance at end of year	8 009	14 302
Bank statement balance at beginning of year	14 302	21 625
Bank statement balance at end of year	8 009	14 302

First National Bank - Account Number 742 7763 6667 (Assets Financing Account):

Cash book balance at beginning of year	-	455 431
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	455 431
Bank statement balance at end of year	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

First National Bank - Account Number 621 3757 7782 (Grants and Subsidies Account):

Cash book balance at beginning of year	347 145	64 649
Cash book balance at end of year	(0)	347 145
Bank statement balance at beginning of year	347 145	64 649
Bank statement balance at end of year	-	347 145

First National Bank - Account Number 622 3714 1099 (Library Account):

Cash book balance at beginning of year	279 215	111 577
Cash book balance at end of year	1 155	279 215
Bank statement balance at beginning of year	279 215	111 577
Bank statement balance at end of year	1 155	279 215

First National Bank - Account Number 622 7711 8313 (MIG Account):

Cash book balance at beginning of year	-	16 215
Cash book balance at end of year	1 000	-
Bank statement balance at beginning of year	-	16 215
Bank statement balance at end of year	1 000	-

First National Bank - Account Number 624 2665 8508 (EPWP):

Cash book balance at beginning of year	1 872	36 844
Cash book balance at end of year	1 000	1 872
Bank statement balance at beginning of year	1 872	36 844
Bank statement balance at end of year	1 000	1 872

20 **PROPERTY RATES**

Actual

Rateable Land and Buildings

	8 479 626	9 162 926
Residential Property	5 252 215	6 327 763
Commercial Property	886 405	1 411 060
Industrial Property	1 930 496	1 043 260
Agricultural Purposes	286 863	266 140
State - National/ Provincial Services	123 647	114 703
Correction of Error - Note 38.8	-	(37 109)
Total Assessment Rates	8 479 626	9 125 817

Valuations - 1 July 2013

Rateable Land and Buildings

	925 222 917	993 683 977
Residential Property	585 033 009	631 845 660
Commercial Property	153 393 445	116 674 807
Industrial Property	4 623 200	4 306 200
Agricultural Purposes	33 137 500	189 507 210
Mines	62 816 000	35 707 000
State - National/ Provincial Services	86 219 763	15 643 100
Total Assessment Rates	925 222 917	993 683 977

Valuations - 1 July 2013

	Building Clause Valuation	Site Valuation	Building Valuation	Total Valuation
Residential	10 603 000	-	574 430 009	585 033 009
Commercial	124 000	-	153 269 445	153 393 445
Light Industrial	103 000	-	4 520 200	4 623 200
Agricultural/Rural	-	-	33 137 500	33 137 500
Mines	-	-	62 816 000	62 816 000
State	50 000	-	86 169 763	86 219 763
Total Property Valuations	10 880 000	-	914 342 917	925 222 917

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	0.9912c/R	0.9195c/R
Commercial and Industrial	1.3156c/R	1.2204c/R
Government	0.9912c/R	0.9195c/R
Agriculture	0.1528c/R	0.1417c/R

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential	- The first R25 000 on the valuation is exempted.
Indigents	- The first R75 000 on the valuation is exempted.
Pensioners	- 33,3%
Government -	- 20%

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

21. GOVERNMENT GRANTS AND SUBSIDIES

Unconditional

Equitable Share	13 498 000	13 401 000
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Conditional

Grants and Donations	12 965 904	10 199 457
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12 965 904	10 199 457
-	-

Total Government Grants and Subsidies

26 463 904	23 600 457
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Government Grants and Subsidies - Operating

3 858 517	18 238 941
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Government Grants and Subsidies - Capital

9 107 387	5 361 516
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Total Government Grants and Subsidies

26 463 904	23 600 457
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Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share	13 498 000	13 401 000
Executive & Council	45 375	34 391
Budget & Treasury	1 935 594	1 859 890
Corporate Services	986 549	1 749 796
Community & Social Services	1 611 128	1 203 939
Waste Water Management	624 123	-
Road Transport	6 216 037	5 178 520
Electricity	1 500 032	172 922

Total Government Grants and Subsidies

26 463 905	23 600 457
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

21.1 **Equitable Share**

Opening balance	-	-
Correction of Error	-	-
Grants received	13 498 000	13 401 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(13 498 000)	(13 401 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

21.2 **Local Government Financial Management Grant (FMG)**

Opening balance	110 595	105 458
Correction of Error	-	-
Grants received	1 825 000	1 800 000
Interest received	-	-
Repaid to National Revenue Fund	-	(105 000)
Conditions met - Operating	(1 900 845)	(1 568 025)
Conditions met - Capital	(34 750)	(121 838)
Conditions still to be met	-	110 595

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

21.3 **Municipal Systems Improvement Grant (MSIG)**

Opening balance	193 711	42 213
Correction of Error	-	-
Grants received	-	930 000
Interest received	-	-
Repaid to National Revenue Fund	(193 711)	(42 000)
Conditions met - Operating	-	(736 502)
Conditions met - Capital	-	-
Conditions still to be met	-	193 711

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

21.4 **Municipal Infrastructure Grant (MIG)**

Opening balance	(160 840)	13 680
Correction of Error	-	-
Grants received	7 001 000	5 018 000
Interest received	-	-
Repaid to National Revenue Fund	-	(14 000)
Conditions met - Operating	57 742	(90 730)
Conditions met - Capital	(6 897 902)	(5 087 790)
Conditions still to be met	-	(160 840)

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

21.5 Integrated National Electrification Grant

Opening balance	627 078	-
Correction of Error	-	-
Grants received	1 500 000	800 000
Interest received	-	-
Repaid to National Revenue Fund	(627 078)	-
Conditions met - Operating	-	(90 842)
Conditions met - Capital	(1 500 000)	(82 080)
Conditions still to be met	-	627 078

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

21.6 Library Grant

Opening balance	48 290	44 229
Correction of Error	-	-
Grants received	1 564 000	1 208 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 439 766)	(1 134 130)
Conditions met - Capital	(171 362)	(69 809)
Conditions still to be met	1 162	48 290

The grant was used to finance library activities.

21.7 Expanded Public Works Programme

Opening balance	(13 451)	36 844
Correction of Error	-	-
Grants received	1 000 000	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	(37 000)
Conditions met - Operating	(483 175)	(1 013 294)
Conditions met - Capital	(503 374)	-
Conditions still to be met	0	(13 451)

The grant was used for job creation.

21.8 Accelerated Infrastructure Programme

Opening balance	47 067	47 067
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(47 067)	-
Conditions met - Capital	-	-
Conditions still to be met	-	47 067

The grant was used to facilitate cultural groups.

21.9 Namakwa District Municipality Grant

Opening balance	31	58
Correction of Error	-	-
Grants received	-	170 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(31)	(170 027)
Conditions met - Capital	-	-
Conditions still to be met	(0)	31

The grant was used for various projects identified by Namakwa District Municipality.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

21.10 Alexkor

Opening balance	65 609	-
Correction of Error	-	-
Grants received	-	100 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(8 850)	(34 391)
Conditions met - Capital	-	-
Conditions still to be met	<u>56 759</u>	<u>65 609</u>

The grant was used for various projects.

21.11 LG SETA

Opening balance	-	-
Correction of Error	-	-
Grants received	36 525	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(36 525)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

The grant was used for attending of trainings accredited by LGSETA

21.12 Total Grants

Opening balance	918 090	289 547
Correction of Error	-	-
Grants received	12 926 525	24 427 000
Interest received	-	-
Repaid to National Revenue Fund	(820 789)	(198 000)
Conditions met - Operating	(3 858 517)	(18 238 941)
Conditions met - Capital	(9 107 387)	(5 361 516)
Conditions still to be met/(Grant expenditure to be recovered)	<u>57 921</u>	<u>918 090</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	57 921	1 092 381
Unpaid Conditional Government Grants and Receipts	-	(174 291)
Total	57 921	918 091

22. PUBLIC CONTRIBUTIONS AND DONATIONS

Donations	1 522 751	4 509
Total Public Contributions and Donations	1 522 751	4 509

23. SERVICE CHARGES

Electricity	9 862 038	9 672 785
Water	5 383 097	5 834 075
Refuse Removal	3 356 231	3 085 627
Sewerage and Sanitation Charges	3 624 794	2 680 594
Correction of Error - Note 38.8	-	(124 637)
Total Service Charges	22 226 160	21 148 445

24. RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	402 376	316 552
Rental of equipment	23 147	6 565
Caravan Park	1 521 433	1 397 403
Total Rental of Facilities and Equipment	1 946 956	1 720 520

25. INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	186 692	390 007
Total Interest Earned - External Investments	186 692	390 007

26. INTEREST EARNED - OUTSTANDING RECEIVABLES

Trade Receivables	2 715 278	2 371 571
Total Interest Earned - Outstanding Receivables	2 715 278	2 371 571

27. OTHER INCOME

Billboards	10 969	-
Christmas Lights Festival	103 730	37 719
Commission	15 805	14 946
Grave Lots	10 418	8 631
Grazing Fees	265 198	163 283
Insurance claims	221 902	4 386
Lost Books	303	193
Photostats	7 824	9 284
Posters	2 407	2 656
Rezoning	2 412	-
Search Fees	47 661	12 062
Surplus Cash	(2 928)	-
Service In-kind	588 279	307 867
Sale of Erven	81 344	-
Survey Costs	17 557	-
Tampering - Elect Meters	2 632	5 263
Total Other Income	1 375 512	566 291

Disclosed as follows:

Revenue from Exchange Transactions	787 234	258 424
Revenue from Non-Exchange Transactions	588 279	307 867
Total Other Income	1 375 512	566 291

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

28. EMPLOYEE RELATED COSTS

Basic Salaries and Wages	18 507 659	15 230 392
Pension and UIF Contributions	2 370 000	1 961 693
Medical Aid Contributions	505 669	491 861
Overtime	896 632	968 708
Bonuses	1 298 837	1 077 212
Motor Vehicle Allowance	333 031	375 465
Housing Allowances	89 594	132 675
Other benefits and allowances	421 942	475 347
Payments in lieu of leave	380 241	216 355
Contribution to provision - Long Service Awards - Note 5	115 744	98 918
Contribution to provision - Post Retirement Medical - Note 5	-	-
	<hr/>	<hr/>
Correction of Error - Note 37.8	24 919 349	21 028 626
	<hr/>	<hr/>
Total Employee Related Costs	24 919 349	21 028 626

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Acting Municipal Manager - Mr D Maposa (acting)

Salary	373 928	142 342
Contributions to UIF, Medical and Pension Funds	1 502	2 260
Allowances	4 762	3 000
Services In-kind	588 279	307 867
In-kind Benefits	-	-
	<hr/>	<hr/>
Total	968 471	455 469

Remuneration of the Chief Financial Officer - Ms ME Basson

Salary	396 292	234 136
Acting Allowance	30 326	-
Annual Bonus	33 024	-
Contributions to UIF, Medical and Pension Funds	1 906	1 041
Other contributions made	-	3 571
Allowances	229 299	125 788
	<hr/>	<hr/>
Total	690 847	364 536

Remuneration of Head of Corporate Services - Ms EE Cloete

Salary	259 109	242 158
Acting Allowance	-	27 860
Contributions to UIF, Medical and Pension Funds	72 161	67 157
Other contributions made	-	4 516
Allowances	135 694	154 328
Annual Bonus	21 592	20 180
In-kind Benefits	-	-
	<hr/>	<hr/>
Total	488 556	516 198

Remuneration of Infrastructure Manager - Mr J Khomanisi

Salary	396 292	273 863
Contributions to UIF, Medical and Pension Funds	1 905	1 190
Other contributions made	-	4 092
Allowances	229 299	143 198
Annual Bonus	33 024	2 292
In-kind Benefits	-	-
	<hr/>	<hr/>
Total	660 520	424 635

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Remuneration of LED/IDP Manager - Mr SC Adams

Salary	282 154	263 695
Acting Allowance	-	70 688
Contributions to UIF, Medical and Pension Funds	119 851	110 979
Other contributions made	-	4 957
Allowances	91 809	98 179
Annual Bonus	37 229	21 975
In-kind Benefits	-	-
Total	531 043	570 473

29 REMUNERATION OF COUNCILLORS

AM Jansen - Mayor	712 047	713 888
LR Ambrosini - Councillor	23 690	215 097
G Beukes - Councillor	227 653	215 097
CF Richter - Councillor	23 690	215 097
E Hausiku - Councillor	23 690	215 097
WJP Links - Councillor	227 653	215 097
S Isaacs - Councillor	209 825	-
T Swartbooi - Councillor	23 690	215 097
A Bock - Councillor	209 825	-
R Jonker - Councillor	227 653	215 097
S Stuurman - Councillor	209 825	-
Total Councillors' Remuneration	2 119 241	2 219 566

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	520 050	173 349	18 648	-	712 047
Councillors	971 479	323 827	111 888	-	1 407 194
Total Councillors' Remuneration	1 491 529	497 176	130 536	-	2 119 241

In-kind Benefits

The Mayor is a full-time Councillors. He is provided with an office and shared secretarial support at the cost of the Municipality.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

30. DEBT IMPAIRMENT

Receivables from exchange transactions - Note 16	5 352 270	4 886 756
Receivables from non-exchange transactions - Note 17	2 122 879	2 391 088
Correction of Error - Note 38.10	-	-
	<u>7 475 149</u>	<u>7 277 844</u>
Less: VAT Portion on Debt Impairment	(657 296)	(570 402)
Total Debt Impairment	<u>6 817 853</u>	<u>6 707 442</u>

31. DEPRECIATION AND AMORTISATION

Property, plant and equipment	7 012 981	5 832 171
Intangible assets	86 156	100 717
Investment property carried at cost	86 455	86 455
Correction of Error - Note 38.9	-	(203 905)
Total Depreciation and Amortisation	<u>7 185 592</u>	<u>5 815 438</u>

32. FINANCE COSTS

Long-term Liabilities	449 185	75 133
Non-current Provisions	864 641	854 516
Non-current Employee Benefits	235 296	215 140
Creditors	109 194	19 367
Overdraft Facilities	-	-
Total Finance Costs	<u>1 658 316</u>	<u>1 164 156</u>

33. BULK PURCHASES

Electricity	11 958 892	10 900 941
Water	962 420	1 120 176
Total Bulk Purchases	<u>12 921 312</u>	<u>12 021 117</u>

34. GENERAL EXPENSES

Advertising	124 960	22 240
Audit Fees	1 759 825	1 679 239
Bank Charges	78 785	65 864
Christmas Lights Festival	530 257	27 471
Cleaning Materials	71 396	36 484
Computer Licences	630 244	343 530
Congress/Deputation Costs	-	-
Entertainment	211 388	38 143
Environmental Electricity Levy	-	29 042
Fire Extinguishing Materials	3 586	2 068
Free Basic Services	299 626	3 740 196
Fuel Vehicles	771 636	551 118
Insurance	959 446	686 686
Legal Fees	130 910	185 818
Membership and Subscriptions	550 089	534 419
New Connections	28 249	27 894
Printing and Stationary	511 292	212 130
Public Transport	11 500	-
Railage	32 427	22 327
Rental	199 056	192 732
Repairs and Maintenance	1 096 825	1 879 138
Telephone and Postage	514 684	361 139
Travelling and Subsistence	754 938	950 167
Training	175 684	239 790
Website	99 778	61 798
Other	868 970	610 115
Correction of Error - Note 38.10	-	73 990
Total General Expenses	<u>13 720 864</u>	<u>12 573 536</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

35. GAINS/(LOSS) ON SALE OF ASSETS

Property, plant and equipment	(2 760 464)	(35 772)
Correction of Error - Note 38.8	-	(76 690)
Total Gain/ (Loss) on Sale of Assets	(2 760 464)	(112 461)

36. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS

Property, Plant and Equipment	(367 793)	(434 453)
Correction of Error - Note 38.8		379 470
<i>Obsolete Property, Plant and Equipment with no economic value.</i>		
Total (Impairment Loss)/ Reversal of Impairment Loss	(367 793)	(54 983)

37. CONTRACTED SERVICES

Outsourced Services	42 783	30 422
Consultants and Professional Services	1 763 548	1 653 009
Total Contracted Services	1 806 331	1 683 430

38. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

38.1 Payables from Exchange Transactions

Balance previously reported	-	6 997 110
Retentions recognised incorrectly in prior years - Note 8	-	270 272
Trade Payables recognised incorrectly in prior years - Note 8	-	-
Restated Balance	-	7 267 382

Correction of Trade Creditors and Other Creditors.

38.2 Property, Plant and Equipment

Balance previously reported	-	135 306 177
Cost	-	(27 211 561)
Other Assets recognised incorrectly in 2015/2016 - Note 12	-	(216 055)
Other Assets recognised incorrectly in periods before 1 July 2015 - Note 12	-	285 313
Buildings recognised incorrectly in periods before 1 July 2015 - Note 12	-	6 389 921
Buildings recognised incorrectly in 2015/2016 - Note 12	-	(54 394)
Land recognised incorrectly in periods before 1 July 2015 - Note 12	-	(26 012 112)
Housing recognised incorrectly in periods before 1 July 2015 - Note 12	-	(583 200)
Infrastructure Assets recognised incorrectly in periods before 1 July 2015 - Note 12	-	(11 621 750)
Infrastructure Assets recognised incorrectly in 2015/2016 - Note 12	-	7 008 416
Community Assets recognised incorrectly in periods before 1 July 2015 - Note 12	-	(2 407 701)
Accumulated Depreciation and Impairment Losses	-	431 067
Community Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2015 - Note 12	-	(245 932)
Community Assets - Depreciation recognised incorrectly in 2015/2016 - Note 12	-	15 187
Housing Rental Stock Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2015 - Note 12	-	332 761
Infrastructure Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2015 - Note 12	-	2 420 362
Infrastructure Assets - Accumulated Depreciation recognised incorrectly in 2015/2016 - Note 12	-	533 051
Buildings - Accumulated Depreciation recognised incorrectly in periods before 1 July 2015 - Note 12	-	(3 922 244)
Buildings - Accumulated Impairment losses recognised incorrectly in periods before 1 July 2014 - Note 12	-	-
Land - Accumulated Impairment losses recognised incorrectly in periods before 1 July 2015 - Note 12	-	307 444
Lease Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2015 - Note 12	-	(139 167)
Lease Assets - Depreciation recognised incorrectly in 2015/2016 - Note 12	-	52 296
Other Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2015 - Note 12	-	820 093
Other Assets - Accumulated Depreciation recognised incorrectly in 2015/2016 - Note 12	-	(122 254)
Other Assets - Accumulated Impairment losses recognised incorrectly in 2015/2016 - Note 12	-	379 470
Restated Balance	-	108 525 683

Correction of prior years' differences between Asset Register and General Ledger accounts.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

38.3 Investment Property

Balance previously reported	-	46 184 253
Cost	-	(8 040 422)
Investment Properties recognised incorrectly in prior years - Note 13	-	(8 040 422)
Accumulated Depreciation and Impairment Losses	-	(411 409)
Accumulated Depreciation recognised incorrectly in 2015/2016 - Note 13	-	106 507
Accumulated Depreciation recognised incorrectly in periods before 1 July 2015 - Note 13	-	(517 916)
Restated Balance	-	37 732 422

Correction of prior years' differences between Asset Register and General Ledger accounts.

38.4 Intangible Assets

Balance previously reported	-	201 815
Cost	-	-
Accumulated Amortisation and Impairment Losses	-	39 998
Accumulated Amortisation recognised incorrectly in 2015/2016 - Note 14	-	4 759
Accumulated Amortisation recognised incorrectly in periods before 1 July 2015 - Note 14	-	35 239
Restated Balance	-	241 813

Correction of prior years' differences between Asset Register and General Ledger accounts.

38.5 Inventory

Balance previously reported	-	210 435
Correction of RDP Properties recognised as inventory - Note 15	-	1
Restated Balance	-	210 436

Correction of water inventory.

38.6 Receivables from Exchange Transactions

Balance previously reported	-	1 504 698
Correction of Debtors: Electricity Accounts - Note 16	-	(17 402)
Correction of Debtors: Water Accounts - Note 16	-	(36 965)
Correction of Debtors: Housing Accounts - Note 16	-	-
Correction of Debtors: Refuse Accounts - Note 16	-	(30 583)
Correction of Debtors: Sewerage Accounts - Note 16	-	(27 723)
Correction of Debtors: Other Arrears Accounts - Note 16	-	(11 964)
Correction of Provision of Debt Impairment classes - Note 38.8	-	-
Restated Balance	-	1 380 062

Correction of Consumer accounts.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

38.7 Receivables from Non-Exchange Transactions

Balance previously reported	-	1 750 937
Correction of Debtors: Rates Accounts - 2015/2016 transactions - Note 17	-	(37 109)
Correction of Debtors: KAI KAI Recognition - Note 38.7	-	23 929 124
Impairment recognition - KAI KAI - Note 38.7	-	(23 929 123)
Restated Balance	-	1 713 829

Correction of Consumer accounts and Provision for Debt Impairment.

38.8 Accumulated Surplus/(Deficit) - 1 July 2015

Correction of RDP Properties in prior years - Note 38.4	-	1
Recognition of KAI KAI receivable in prior years - Note 38.6	-	23 929 124
Recognition of KAI KAI Impairment prior years - Note 38.6	-	(23 929 123)
Buildings recognised incorrectly in prior years - Note 38.2	-	6 389 921
Land recognised incorrectly in prior years - Note 38.2	-	(26 012 112)
Other Assets recognised incorrectly in 2015/2016 - Note 38.2	-	285 313
Infrastructure Assets recognised incorrectly in prior years - Note 38.2	-	(4 433 619)
Community Assets recognised incorrectly in prior years - Note 38.2	-	(2 407 701)
Investment Properties recognised incorrectly in prior years - Note 38.3	-	(8 040 422)
Housing Assets recognised incorrectly in prior years - Note 38.2	-	(583 200)
Community Assets - Depreciation recognised incorrectly in prior years - Note 38.2	-	(245 932)
 Housing Assets - Depreciation recognised incorrectly in prior years - Note 38.2	 -	 325 737
 Infrastructure Assets - Accumulated Depreciation recognised incorrectly in prior years - Note 38.2	 -	 2 420 362
Buildings - Accumulated Depreciation recognised incorrectly in prior years - Note 38.2	-	(3 711 578)
Other Assets - Accumulated Depreciation recognised incorrectly in prior years - Note 38.2	-	820 093
Investment Prop - Accumulated Depreciation recognised incorrectly in periods before 1 July 2015 - Note 38.3	-	(497 864)
Accumulated Amortisation recognised incorrectly in prior years - Note 38.5	-	35 239
 Infrastructure Assets - Accumulated Impairment losses recognised incorrectly in prior years - Note 38.2	 -	 -
 Buildings - Accumulated Impairment losses recognised incorrectly in prior years - Note 38.2	 -	 -
 Land - Accumulated Impairment losses recognised incorrectly in periods before 1 July 2015 - Note 12	 -	 307 444
Lease Assets - Accumulated Depreciation recognised incorrectly in periods before 1 July 2014 - Note 12	-	(139 167)
Total	-	(35 487 485)

38.9 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes	38.6	9 162 926	(37 109)	9 125 817
Government Grants and Subsidies		23 600 457	-	23 600 457
Public Contributions and Donations		4 509	-	4 509
Fines		23 106	-	23 106
Actuarial Gains		-	-	-
Other Revenue from non-exchange transactions		-	-	-
Property Rates - penalties imposed and collection charges		1 170 080	-	1 170 080
Service Charges	38.5	21 273 082	(124 637)	21 148 445
Rental of Facilities and Equipment		1 720 520	-	1 720 520
Interest Earned - external investments		390 007	-	390 007
Interest Earned - outstanding receivables		2 371 571	-	2 371 571
Licences and Permits		154 710	-	154 710
Income for Agency Services		418 258	-	418 258
Other Income		566 291	-	566 291
Unamortised Discount - Interest		-	-	-
Total		60 855 517	(161 746)	60 693 772

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Expenditure

Employee related costs	(21 028 626)	-	(21 028 626)
Remuneration of Councillors	(2 219 566)	-	(2 219 566)
Debt Impairment	(6 707 442)	-	(6 707 442)
Collection Costs	-	-	-
Depreciation and Amortisation	38.2 (5 442 397)	(203 905)	(5 646 302)
Unamortised Discount - Interest	(4 469)	-	(4 469)
Actuarial Losses	(58 517)	-	(58 517)
Finance Costs	(1 164 156)	-	(1 164 156)
Bulk Purchases	(12 021 117)	-	(12 021 117)
Contracted Services	(1 683 430)	-	(1 683 430)
Grants and Subsidies Paid	-	-	-
General Expenses	38.1 & 38.2 (12 499 546)	(73 990)	(12 573 536)
Total	(62 829 267)	(277 894)	(63 107 161)

Gains and Losses

Gains/(Loss) on Sale of Assets	(35 772)	(76 690)	(112 461)
(Impairment loss)/Reversal of impairment loss	(434 435)	379 470	(54 965)
Total	(470 207)	302 780	(167 426)
Net Surplus/(Deficit) for the year	(2 443 956)	(136 860)	(2 580 816)

39. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus/(Deficit) for the year	(7 093 635)	(2 580 816)
Adjustments for:		
Depreciation and amortisation	7 186 845	5 646 302
Loss/(Gain) on disposal of property, plant and equipment	2 760 464	112 461
Impairment Loss/(Reversal of Impairment Loss)	403 866	54 982
Public Contributions and Donations	-	-
Government Grants and Subsidies received	26 424 525	24 427 000
Government Grants and Subsidies recognised as revenue	(26 463 905)	(23 600 457)
Government Grants repaid to National Revenue Fund	(820 789)	(198 000)
Contribution to provisions – Non-Current Provisions	864 641	854 516
Contribution from/to provisions - Current Employee Benefits	92 495	147 126
Contribution from/to provisions - Non-Current Employee Benefits	71 333	97 773
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	21 950	58 517
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	-	-
Contribution to provisions – Bad debt	7 475 149	7 277 844
Unamortised Discounts - Interest Paid	-	4 469
Operating lease income accrued	3 863	3 538
Operating Surplus/(Deficit) before changes in working capital	10 926 800	12 305 255
Changes in working capital	(1 888 202)	(6 805 726)
Increase/(Decrease) in Trade and Other Payables	6 178 481	2 343 067
Increase/(Decrease) in Taxes	(679 114)	(185 154)
(Increase)/Decrease in Inventory	(112 154)	(86 366)
(Increase)/Decrease in Trade Receivables from exchange transactions	(5 958 888)	(5 147 777)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(1 316 527)	(3 729 496)
Cash generated/(absorbed) by operations	9 038 599	5 499 529

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

40. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Current Accounts - Note 19	537 432	358 998
Call Investments Deposits - Note 19	74 355	1 935 866
Cash Floats - Note 19	380	380
Total cash and cash equivalents	612 167	2 295 244

41. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 40	612 167	2 295 244
Less:	7 008	(1 092 381)
Unspent Committed Conditional Grants - Note 9	(57 921)	(1 092 381)
Cash Portion of Housing Development Fund - Note 2	64 929	-
Net cash resources available for internal distribution	619 175	1 202 863
Allocated to:		
Capital Replacement Reserve	(739)	(324 254)
Resources available for working capital requirements	618 436	878 609

42. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	3 549 736	3 680 286
Used to finance property, plant and equipment - at cost	(3 549 736)	(3 680 286)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

43. BUDGET INFORMATION

43.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to the abnormal high electricity and sanitation increases on consumer debtors.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

Statement of Financial Position

43.2.1 Current Assets

Cash

Year end creditors payments at year end. Collection of Debtors not desirable.

Call Investment Deposits

Call account not budgeted for (interest).

Consumer Debtors

Impairment of debtors increased from prior year.

Other Debtors

SALGA Payment made in advance recorded in current year.

Inventory

Municipality purchased black bags during the year take up into stock and RDP properties held as inventory

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

43.2.2 Non-Current Assets

Long-term receivables

Incorrect Budgeting

Investment Property

Reconstructing of Asset register made that properties be removed as Investment Property

43.2.3 Current Liabilities

Borrowing

Municipality did not include new fleet acquired (loan- new fleet).

Consumer Deposits

Less new connection than budgeted for.

Trade and Other Payables

Cashflow problems made that creditors could not be paid on time.

Provisions

Accrued leave increased

43.2.4 Non-Current Liabilities

Borrowing

Extra Lease additions were recognised during the year

Provisions

Estimated rehabilitation cost of Landfill sites increase from prior year due to market conditions.

43.2.5 Net Assets

Reserves

The Municipality budgeted for sale of erven, but it did not materialise.

Statement of Financial Performance

43.2.6 Revenue

Property Rates

Municipality increased tariff at from actual billing in prior year.

Property Rates - Penalties & Collection Charges

Municipality increased tariff at from actual billing in prior year.

Service Charges - Electricity Revenue

Budget was done on current stands, however, new houses were build, and more electricity were paid (electricity).

Service Charges - Water Revenue

Budget was done on current stands, however, new houses were build, and more electricity were paid (water)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Service Charges - Sanitation Revenue

Over Budgeting of Revenue.

Service Charges - Refuse Revenue

Under Budgeting of Revenue.

Rental of Facilities and Equipment

Budget was prepared based on the assumption that all halls and machinery will be rented out

Interest Earned - External Investments

Transfer of cash to Current Account made that less interest were earned on investments

Interest Earned - Outstanding Debtors

Under Budgeting of Revenue.

Fines

More fines issued. More Visible traffic officials on site.

Licences and Permits

Increase in road worthy test of vehicles for current financial year.

Other Revenue

Several Accounts were budgeted for where no Income was received.

Gains on Disposal of PPE

Assets were disposed in current year.

Transfers Recognised - Capital

Capital expenditure not budgeted for

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

43.2.7 Expenditure

Remuneration of Councillors

Councillors remuneration calculated as per our understanding, however, an error was made in the periods, as new and old councillors were treated differently.

Debt Impairment

The Municipality budgeted for 70% collection rate. Targets were not reached therefore underbudgeting was noted

Depreciation and Asset Impairment

Asset register of Prior year were reconstructed and assets were identified not to have depreciated.

Finance Charges

Landfill site rehabilitation Interest cost not budgeted for.

Contracted Services

Interim Valuation roll payments were made.

Other Expenditure

More Indigent subsidies paid with in financial year.

Cash Flow Statement

43.2.8 Net Cash from Operating Activities

Service Charges

Over Budgeting of Revenue.

Other Revenue

Municipality included the Service in Kind Revenue due to Municipal Manager Secondment in the annual budget

Government - Capital

Grants repaid to National Revenue Fund.

Interest

Municipality over budgeted on Interest received due to Grants earning interest in the investment accounts

Suppliers and Employees

The municipality had a increase in its payables therefore cash payments of suppliers could not be met.

Finance costs

Interest on Finance Leases not included in Cash Flow Budget.

43.2.9 Net Cash from Investing Activities

Capital Assets

Correction of Asset Register.

43.2.10 Net Cash from Financing Activities

Repayment of Borrowings

The Municipality did not include the new vehicles acquired within the financial year.

Increase/(Decrease) in Consumer Deposits

Less new connection than budgeted for.

44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

44.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	47 497 960	38 814 354
Unauthorised expenditure current year - operational	10 256 194	6 488 967
Unauthorised expenditure current year - capital	373 440	2 194 638
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	58 127 593	47 497 960

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved operating budget - 2011	None	8 326 343	8 326 343
Over expenditure of approved capital budget - 2011	None	5 601 856	5 601 856
Over expenditure of approved operating budget - 2012	None	48 113	48 113
Over expenditure of approved capital budget - 2012	None	430 587	430 587
Over expenditure of approved operating budget - 2013	None	2 219 133	2 219 133
Over expenditure of approved capital budget - 2013	None	4 457 394	4 457 394
Over expenditure of approved operating budget - 2014	None	4 354 299	4 354 299
Over expenditure of approved capital budget - 2014	None	6 368 173	6 368 173
Over expenditure of approved operating budget - 2015	None	6 562 636	6 562 636
Over expenditure of approved capital budget - 2015	None	445 821	445 821
Over expenditure of approved operating budget - 2016	None	6 488 967	6 488 967
Over expenditure of approved capital budget - 2016	None	2 194 638	2 194 638
Over expenditure of approved operating budget - 2017	None	10 256 194	-
Over expenditure of approved capital budget - 2017	None	373 440	-
		58 127 593	47 497 960

	2017 Actual R	2017 Final Budget R	2017 Variance R	2017 Unauthorised R
Unauthorised expenditure current year - operating				
Executive and Council	10 451 458	7 473 977	2 977 480	2 977 480
Administration: Corporate	14 054 259	11 597 217	2 457 042	2 457 042
Administration: Community	6 438 504	6 797 982	(359 477)	-
Financial Services	13 959 645	10 842 184	3 117 461	3 117 461
Infrastructure	29 416 422	27 712 212	1 704 210	1 704 210
	74 320 288	64 423 572	9 896 717	10 256 194

Unauthorised expenditure current year - capital				
Executive and Council	41 930	-	41 930	41 930
Administration: Corporate	299 631		299 631	299 631
Administration: Community	31 879		31 879	31 879
Financial Services	34 750	100 000	(65 250)	-
Infrastructure	7 805 692	8 501 000	(695 308)	-
	8 213 882	8 601 000	(387 118)	373 440

44.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	143 736	124 356
Fruitless and wasteful expenditure current year	109 009	19 381
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	252 745	143 736

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Interest and Penalties Paid to SARS on late payment of employee tax - R115	None	115	115
Interest Paid to Eskom - R13 902	None	13 902	13 902
Interest Paid to Creditors - R6 331	None	6 331	6 331
Interest and Penalties Paid to SARS on late payment of VAT - R12 693	None	12 693	12 693
Power failure caused damages to lobster and abalone at the Port Lobster fishing factory	None	25 000	25 000
Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor	None	65	65
Official responsible for preparation of orders failed to supply order to ensure timeous payment of creditor	None	224	224
Interest Paid to Creditors - R12 760	None	66 025	66 025
Interest and Penalties Paid to SARS on late payment of employee tax - R 44.38	None	44	44
Interest Paid to Eskom - R 13 944.49	None	13 944	13 944
Interest Paid to Creditors - R4 770.43	None	4 770	4 770
Interest and Penalties Paid to SARS on late payment of Providend Fund - R621.30	None	621	621
Interest Paid to Eskom - R67 248.65	None	67 249	-
Interest Paid to Creditors - R 41 760.47	None	41 760	-
		<u>252 745</u>	<u>143 736</u>

44.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	52 535 318	48 459 967
Irregular expenditure current year	5 013 271	4 075 351
Condonement supported by council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	<u>57 548 589</u>	<u>52 535 318</u>

Irregular expenditure awaiting condonement from National Treasury

<u>57 548 589</u>	<u>52 535 318</u>
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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Irregular expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Non compliance with Supply Chain Management Policy - Three written quotations not obtained and incomplete registration forms	To be investigated	16 460 016	16 460 016
Non compliance of tenders with Supply Chain Management Policy	To be investigated	24 880 494	24 880 494
Non compliance with Supply Chain Management Policy - Supplier in service of state	To be investigated	506 874	506 874
Non compliance with Supply Chain Management Policy - Contracts awarded not published on website	To be investigated	1 487 349	1 487 349
Non compliance with Supply Chain Management Policy - Deviation not reported to council	To be investigated	3 670	3 670
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2015	To be investigated	3 729 662	3 729 662
Employee Related Cost - employees acting as CFO for longer than 3 months - 2015	To be investigated	140 781	140 781
Employee Related Cost - appointments made not on organogram - 2015	To be investigated	1 251 121	1 251 121
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2016	None	3 530 313	3 530 313
Overpayment of capital projects	None	165 577	165 577
Employee Related Cost - employees acting as Municipal Manager for longer than 6 months - 2016	None	79 141	79 141
Employee Related Cost - appointments made not on organogram - 2016	None	300 320	300 320
Employee Related Cost - employees acting as Municipal Manager for longer than 6 months - 2017	To be investigated	380 192	-
Deviations from the Supply Chain regulations - 3 Quotations not obtained, No Original Tax Clearance Certificate, No declaration of interest and Preferential Procurement Policy Framework Act not followed - 2017	To be investigated	4 633 079	-
		57 548 589	52 535 318

The full extent of irregular expenditure have not been disclose in the annual financial statements and is currently under investigation to be determine.

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	200 000	-
Council subscriptions	500 000	500 000
Amount paid - current year	(400 000)	(300 000)
Amount paid - previous years	(200 000)	-
Balance unpaid (included in creditors)	100 000	200 000

45.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	905 891	651 151
Current year audit fee	3 226 240	2 706 133
Amount paid - current year	(1 758 224)	(1 809 997)
Amount paid - previous year	(905 891)	(641 395)
Balance unpaid (included in creditors)	1 468 016	905 891

45.3 VAT - [MFMA 125 (1)(c)]

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. The net of VAT Input Payables and VAT Output Receivables are shown in Note 10.

45.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	148 841	171 579
Current year payroll deductions	2 647 064	2 192 930
Amount paid - current year	(2 442 183)	(2 044 089)
Amount paid - previous year	(148 841)	(171 579)
Balance unpaid (included in creditors)	204 881	148 841

45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	9 181	178 509
Current year payroll deductions and Council Contributions	4 810 258	3 893 764
Amount paid - current year	(4 632 163)	(3 884 583)
Amount paid - previous year	(9 181)	(178 509)
Balance unpaid (included in creditors)	178 095	9 181

45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

None of the councillors had arrear accounts for more than 90 days on 30 June 2017.

None of the Councillors had arrear accounts outstanding for more than 90 days during the year.

45.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
July	428 763	1	-	2	1
August	82 628	2	-	5	1
September	183 721	-	-	8	2
October	26 270	1	-	4	-
November	200 406	4	-	8	-
December	167 883	1	-	6	-
January	90 701	1	-	5	1
February	146 260	-	-	5	3
March	48 214	2	-	3	-
April	193 237	2	-	2	1
May	114 951	4	-	1	-
June	88 616	1	-	7	1
	1 771 650	19	-	56	10

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

45.8 **Material losses**

Electricity distribution losses

Units purchased (Kwh)	10 051 628	9 774 151
Units lost during distribution (Kwh)	3 055 098	1 915 207
Percentage lost during distribution	30.39%	19.59%
Distribution loss (Rand Value)	1 820 953	2 116 612

Water distribution losses

Units purchased (ml)	350 560	407 620
Units lost during distribution (ml)	91 945	80 058
Percentage lost during distribution	26.23%	19.64%
Distribution loss (Rand Value)	252 849	220 160

46. **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

1% (2016: 1%) Increase in interest rates	(29 379)	(13 854)
1% (2016: 1%) Decrease in interest rates	29 379	13 854

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 16 and 17 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2017 %	2017 R	2016 %	2016 R
<u>Non-exchange Receivables</u>				
Rates	100.00%	10 841 405	100.00%	9 778 781
<u>Exchange Receivables</u>				
Electricity	5.68%	2 594 439	6.42%	2 645 842
Water	35.80%	16 362 406	35.16%	14 481 163
Housing Rentals	0.01%	3 448	0.01%	3 579
Refuse	22.18%	10 134 336	22.69%	9 343 813
Sewerage	19.62%	8 967 176	19.85%	8 174 973
Commonage	4.47%	2 041 532	4.41%	1 816 842
Other Arrears	1.27%	581 867	0.95%	390 126
Old Services	5.77%	2 637 241	5.08%	2 090 940
Land Sales	0.26%	118 228	0.44%	181 560
Social Fees	1.11%	509 147	1.26%	518 344
Old Rentals	3.83%	1 751 232	3.74%	1 541 593
	100.00%	45 701 051	100.00%	41 188 776

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2017 %	2017 R	2016 %	2016 R
<u>Non-exchange Receivables</u>				
Rates	42.26%	34 645 790	16.99%	8 593 788
<u>Exchange Receivables</u>				
Services	57.74%	47 331 738	83.01%	41 979 468
	100.00%	81 977 528	100.00%	50 573 255

Ageing of amounts past due but not impaired are as follow:

	Exchange Receivables	Non-exchange Receivables
2017		
1 month past due	-	53 607
2+ months past due	-	71 133
	-	124 740
2016		
1 month past due	-	52 463
2+ months past due	-	1 116 154
	-	1 168 617

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank and Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2017 R	2016 R
Financial assets exposed to credit risk at year end are as follows:		
Long-term Receivables	-	-
Receivables from exchange transactions	49 318 417	43 359 529
Cash and Cash Equivalents	611 787	2 294 864
	<u>49 930 205</u>	<u>45 654 393</u>

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2017				
Long-term Liabilities	1 447 499	2 102 237	-	-
Trade and Other Payables	13 445 863	-	-	-
	<u>14 893 362</u>	<u>2 102 237</u>	<u>-</u>	<u>-</u>
2016				
Long-term Liabilities	1 038 479	2 641 807	-	-
Trade and Other Payables	7 267 382	-	-	-
	<u>8 305 861</u>	<u>2 641 807</u>	<u>-</u>	<u>-</u>

47. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

47.1 Financial Assets

Classification

Long-term Receivables

Housing Loans	Financial Instruments at amortised cost	-	-
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Receivables from Exchange Transactions

Electricity	Financial Instruments at amortised cost	3 567 256	3 213 807
Water	Financial Instruments at amortised cost	17 200 695	14 979 489
Housing Rentals	Financial Instruments at amortised cost	2 242	2 373
Refuse	Financial Instruments at amortised cost	10 659 720	9 623 087
Sewerage	Financial Instruments at amortised cost	9 495 864	8 401 387
Commonage	Financial Instruments at amortised cost	2 104 421	1 852 401
Old Services	Financial Instruments at amortised cost	3 679 918	2 656 170
Land Sales	Financial Instruments at amortised cost	(321 652)	177 493
Social Fees	Financial Instruments at amortised cost	509 147	518 285
Old Rentals	Financial Instruments at amortised cost	1 805 008	1 566 986
Other Arrears	Financial Instruments at amortised cost	615 799	492 689

Receivables from Non-Exchange Transactions

Payments made in Advance	Financial Instruments at amortised cost	520 559	509 231
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Cash and Cash Equivalents

Bank Balances	Financial Instruments at amortised cost	537 432	358 998
Call Deposits	Financial Instruments at amortised cost	74 355	1 935 866

Total Financial Assets

50 450 764	46 288 261
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SUMMARY OF FINANCIAL ASSETS

Financial Instruments at amortised cost:

Long-term Receivables	Housing Loans	-	-
Receivables from Exchange Transactions	Electricity	3 567 256	3 213 807
Receivables from Exchange Transactions	Water	17 200 695	14 979 489
Receivables from Exchange Transactions	Housing Rentals	2 242	2 373
Receivables from Exchange Transactions	Refuse	10 659 720	9 623 087
Receivables from Exchange Transactions	Sewerage	9 495 864	8 401 387
Receivables from Exchange Transactions	Commonage	2 104 421	1 852 401
Receivables from Exchange Transactions	Old Services	3 679 918	2 656 170
Receivables from Exchange Transactions	Land Sales	(321 652)	177 493
Receivables from Exchange Transactions	Social Fees	509 147	518 285
Receivables from Exchange Transactions	Old Rentals	1 805 008	1 566 986
Receivables from Exchange Transactions	Other Arrears	615 799	492 689
Receivables from Non-exchange Transactions	Payments made in Advance	520 559	509 231
Cash and Cash Equivalents	Bank Balances	537 432	358 998
Cash and Cash Equivalents	Call Deposits	74 355	1 935 866
		<u>50 450 764</u>	<u>46 288 261</u>

Total Financial Assets

50 450 764	46 288 261
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47.2 Financial Liabilities

Classification

Long-term Liabilities

Annuity Loans	Financial Instruments at amortised cost	-	-
Capitalised Lease Liability	Financial Instruments at amortised cost	3 549 736	3 680 286

RICHTERSVELD MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

		2017 R	2016 R
Trade and Other Payables			
Trade Creditors	Financial Instruments at amortised cost	9 861 864	4 887 454
Payments received in advance	Financial Instruments at amortised cost	1 869 055	668 665
Retentions	Financial Instruments at amortised cost	1 234 104	988 183
Sundry Deposits	Financial Instruments at amortised cost	79 799	122 651
Other Creditors	Financial Instruments at amortised cost	401 041	330 157
		<u>16 995 599</u>	<u>10 677 396</u>

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:

Long-term Liabilities	Annuity Loans	-	-
Long-term Liabilities	Capitalised Lease Liability	3 549 736	3 680 286
Trade and Other Payables	Trade Creditors	9 861 864	4 887 454
Trade and Other Payables	Payments received in advance	1 869 055	668 665
Trade and Other Payables	Retentions	1 234 104	988 183
Trade and Other Payables	Sundry Deposits	79 799	122 651
Trade and Other Payables	Other Creditors	401 041	330 157
Total Financial Liabilities		<u>16 995 599</u>	<u>10 677 396</u>

48. EVENTS AFTER THE REPORTING DATE

There seems to be a case of alleged fraud. The municipality are still investigating the matter. SALGA and the disciplinary board has been informed.

Note 50 to the AFS refers: The case was concluded post financial year end, and was significantly lower than as the provision, the amount is now R1,000,000.00. Arrangements have been made to repay R100,000 per month starting 7 October 2017.

49. IN-KIND DONATIONS AND ASSISTANCE

The department of Corporate Governance, Human Settlements and Traditional Affairs has second mr. Maposa to act as Municipal Manager at Richtersveld Municipality. This service in-kind has been recognised as revenue in terms of GRAP 23.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

50. CONTINGENT LIABILITY

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

Sightfull 1235 CC	4 838 424	20 750 000
	4 838 424	20 750 000

51. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

51.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2017				
Councillors				
AM Jansen - Mayor	9 469	24 381	-	3 112
LR Ambrosini	3 650	4 568	-	9 570
G Beukes	425	6 064	-	302
CF Richter	9 753	897	-	-
E Hausiku	358	646	-	599
T Swartbooi	548	432	-	759
R Jonker	4 555	5 589	-	875
	28 758	42 575	-	15 216
	Rates	Service Charges	Other	Outstanding Balance
Municipal Manager and Section 57 Employees	-	-	-	-
E Cloete	-	3 570	-	302
JX Komanisi	-	13 378	23 778	4 375
	-	16 948	23 778	4 677
Year ended 30 June 2016				
Councillors				
AM Jansen	10 070	21 302	-	3 436
G Beukes	443	3 975	-	412
LR Ambrosini	3 630	17 636	-	4 954
EN Hausiku	562	4 288	-	375
CF de Lange Richter	9 278	6 886	-	-
T Swartbooi	738	2 407	-	324
R Jonker	4 455	5 090	-	1 146
	29 176	61 583	-	10 647
Municipal Manager and Section 57 Employees				
DA Farmer	-	4 248	-	28 994
E Cloete	-	19 065	-	1 579
JX Komanisi	-	5 743	11 889	3 017
	-	33 215	11 889	33 590

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

51.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

51.3 Compensation of key management personnel

The compensation of key management personnel and Councillors are set out in note 28 and 29 respectively to the Annual Financial Statements.

52. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

53. FINANCIAL SUSTAINABILITY

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

12. PROPERTY, PLANT AND EQUIPMENT

12.1 30 JUNE 2017

Reconciliation of Carrying Value								
	Buildings R	Land R	Infrastructure R	Community R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2016	7 860 582	15 940 849	71 646 679	6 402 653	3 878 571	2 796 349	-	108 525 683
Cost	17 406 830	16 101 549	121 048 346	13 213 161	5 751 926	9 161 477	-	182 683 290
Original Cost	17 406 830	16 101 549	121 048 346	13 213 161	5 751 926	9 161 477	-	182 683 290
Accumulated Depreciation and Impairment Losses	(9 546 248)	(160 700)	(49 401 666)	(6 810 508)	(1 873 355)	(6 365 128)	-	(74 157 606)
Original Cost	(9 546 248)	(160 700)	(49 401 666)	(6 810 508)	(1 873 355)	(6 365 128)	-	(74 157 606)
Acquisitions	318 412	-	8 482 863	284 957	1 524 482	423 792	-	11 034 506
Capital under Construction	38 522	-	6 404 249	-	-	-	-	6 442 771
Less: Capital under Construction - Prior Year	(95 606)		(5 514 364)					(5 609 971)
Change in Provision for Rehabilitation Cost - IGRAP 2 - Note 4	-		817 982	-	-	-	-	817 982
Depreciation	(609 000)	-	(3 854 919)	(522 971)	(1 275 314)	(750 777)	-	(7 012 981)
Normal Depreciation	(609 000)	-	(3 854 919)	(522 971)	(1 275 314)	(750 777)	-	(7 012 981)
Carrying value of disposals / write-offs	(166 238)	-	(2 703 526)	(15 137)	(307 560)	(965 468)	-	(4 157 928)
Cost	(185 802)	-	(4 052 147)	(1 219 398)	(608 246)	(4 157 028)	-	(10 222 621)
Accumulated Depreciation	19 564	-	1 348 621	1 204 261	300 686	3 191 560	-	6 064 693
Impairment losses	-	-	-	-	(401 113)	33 320	-	(367 793)
Cost	-	-	-	-	(401 113)	33 320	-	(367 793)
Accumulated Impairment Loss	-	-	-	-	-	-	-	-
Carrying value at 30 June 2017	7 346 672	15 940 849	75 278 964	6 149 503	3 419 066	1 537 216	-	109 672 270
Cost	17 482 356	16 101 549	127 186 928	12 278 721	6 267 049	5 461 561	-	184 778 165
Original Cost	17 482 356	16 101 549	127 186 928	12 278 721	6 267 049	5 461 561	-	184 778 165
Accumulated Depreciation and Impairment Losses	(10 135 684)	(160 700)	(51 907 964)	(6 129 218)	(2 847 983)	(3 924 345)	-	(75 105 895)
Original Cost	(10 135 684)	(160 700)	(51 907 964)	(6 129 218)	(2 847 983)	(3 924 345)	-	(75 105 895)

12.2 30 JUNE 2016

Reconciliation of Carrying Value								
	Buildings R	Land	Infrastructure R	Community R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2015	8 360 513	15 940 849	56 142 569	6 962 509	1 070 129	3 540 577	-	92 017 147
Cost	17 461 224	16 101 549	102 338 764	13 213 161	2 687 138	9 259 588	-	161 061 425
Original Cost	11 071 303	42 113 825	113 960 514	15 620 862	2 687 138	8 974 275	583 200	195 011 117
Correction of Error - Note 38.2	6 389 921	(26 012 276)	(11 621 750)	(2 407 701)	-	285 313	(583 200)	(33 949 693)
Accumulated Depreciation and Impairment Losses	(9 100 711)	(160 700)	(46 196 194)	(6 250 652)	(1 617 009)	(5 719 011)	-	(69 044 277)
Original Cost	(5 178 467)	(468 144)	(48 616 556)	(6 004 720)	(1 477 842)	(6 539 104)	(332 761)	(68 617 594)
Correction of Error - Note 38.2	(3 922 244)	307 444	2 420 362	(245 932)	(139 167)	820 093	332 761	(426 683)
Acquisitions	-	-	13 374 933	-	3 064 788	254 391	-	16 694 113
Previously stated	-	-	5 623 637	-	3 064 788	153 715	-	8 842 140
Correction of Error - Note 38.2	-	-	7 751 296	-	-	100 676	-	7 851 972
Capital under Construction	95 606	-	5 514 364	-	-	-	-	5 609 971
Previously stated	-	-	6 077 529	-	-	-	-	6 077 529
Correction of Error - Note 38.2	95 606	-	(563 165)	-	-	-	-	(467 558)
Carrying value of disposals	(3 333)	-	(24 199)	-	-	(84 929)	-	(112 462)
Cost	-	-	-	-	-	(35 772)	-	(35 772)
Correction of Error - Note 38.2	(150 000)	-	(179 715)	-	-	(316 731)	-	(646 446)
Accumulated Depreciation	146 667	-	-	-	-	-	-	146 667
Correction of Error - Note 38.2	-	-	155 516	-	-	267 574	-	423 090
Depreciation	(592 204)	-	(3 360 988)	(559 856)	(256 347)	(858 872)	-	(5 628 267)
Normal Depreciation	(592 204)	-	(3 738 523)	(575 043)	(308 642)	(469 044)	-	(5 683 456)
Correction of Error - Note 38.2	-	-	377 535	15 187	52 295	(389 828)	-	55 189
Impairment losses	-	-	-	-	-	(54 819)	-	(54 819)
Cost	-	-	-	-	-	(434 289)	-	(434 289)
Accumulated Impairment Loss	-	-	-	-	-	379 470	-	379 470
Carrying value at 30 June 2016	7 860 582	15 940 849	71 646 679	6 402 653	3 878 571	2 796 349	-	108 525 683
Cost	17 406 830	16 101 549	121 048 346	13 213 161	5 751 926	9 161 477	-	182 683 290
Original Cost	17 406 830	16 101 549	121 048 346	13 213 161	5 751 926	9 161 477	-	182 683 290
Revaluation	-	-	-	-	-	-	-	-
Accumulated Depreciation and Impairment Losses	(9 546 248)	(160 700)	(49 401 666)	(6 810 508)	(1 873 355)	(6 365 128)	-	(74 157 606)
Original Cost	(9 546 248)	(160 700)	(49 401 666)	(6 810 508)	(1 873 355)	(6 365 128)	-	(74 157 606)

APPENDIX A
RICHTERSVELD MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2016	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2017
ANNUITY LOANS								
DBSA	10.00%	101910	31/12/2015	-	-	-	-	-
Total Annuity Loans				-	-	-	-	-
LEASE LIABILITY								
Office Equipment		Various	30/04/2017	62 400	-	-	(62 400)	-
Vehicles		Various	31/03/2017	232 673	-	-	(232 673)	-
Vehicles		Various	01/07/2019	3 385 213	-	1 696 398	(1 531 875)	3 549 736
Data Contracts		Various	30/09/2014	-	-	-	-	-
Total Lease Liabilities				3 680 286	-	1 696 398	(1 826 949)	3 549 736
TOTAL EXTERNAL LOANS				3 680 286	-	1 696 398	(1 826 949)	3 549 736

APPENDIX B
RICHTERSVELD MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
			Governance and Administration			
393 294	(5 389 474)	(4 996 180)	Executive and council	747 500	(10 451 458)	(9 703 958)
11 481 771	(5 240 575)	6 241 196	Budget and treasury office	12 166 001	(13 959 645)	(1 793 644)
19 061 121	(12 828 778)	6 232 342	Corporate Services	19 511 597	(9 890 897)	9 620 701
			Community and Public Safety			
1 516 470	(3 587 197)	(2 070 727)	Community and Social Services	2 118 465	(4 389 505)	(2 271 040)
1 077 953	(3 084 440)	(2 006 486)	Sport and Recreation	1 363 745	(1 751 990)	(388 245)
-	(68 095)	(68 095)	Public Safety	-	(91 405)	(91 405)
10 066	(442 638)	(432 573)	Housing	-	1 780 197	1 780 197
(4 633)	(412 771)	(417 404)	Health	(5 382)	(40 645)	(46 028)
			Economic and Environmental Services			
-	-	-	Planning & Development	-	-	-
5 326 103	(6 794 814)	(1 468 711)	Road Transport	6 510 854	(10 383 480)	(3 872 626)
-	-	-	Environmental Protection	-	-	-
			Trading Services			
10 275 986	(13 705 323)	(3 429 337)	Electricity	11 711 609	(14 750 002)	(3 038 393)
5 824 743	(5 393 896)	430 847	Water	5 458 605	(4 682 601)	776 003
2 842 693	(2 933 239)	(90 546)	Waste Water Management	4 487 883	(2 679 351)	1 808 532
2 914 452	(3 419 592)	(505 140)	Waste Management	3 155 777	(3 029 507)	126 271
-	-	-	Other	-	-	-
60 720 018	(63 300 833)	(2 580 815)	Sub Total	67 226 653	(74 320 288)	(7 093 635)
-	-	-	Less Inter-Departmental Charges	-	-	-
60 720 018	(63 300 833)	(2 580 815)	Total	67 226 653	(74 320 288)	(7 093 635)

APPENDIX C
RICHTERSVELD MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
MUNICIPAL VOTES CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
			Executive and Council			
85 427	(3 923 393)	(3 837 966)	Council General Expenses	120 781	(7 249 874)	(7 129 093)
307 867	(1 466 081)	(1 158 214)	Municipal Manager	626 718	(3 201 583)	(2 574 865)
			Administration: Corporate			
18 957 151	(12 097 705)	6 859 446	Administration.	19 130 339	(8 353 009)	10 777 331
(4 633)	(412 771)	(417 404)	Health Services	(5 382)	(40 645)	(46 028)
1 180 401	(3 506 106)	(2 325 704)	Library	1 573 149	(4 044 098)	(2 470 949)
85 343	(547 978)	(462 635)	Offices	279 957	(1 616 507)	(1 336 550)
			Administration: Community			
18 626	(183 096)	(164 469)	Properties	101 301	78 619	179 920
335 206	(18 211)	316 995	Commonage	542 198	(258 044)	284 154
6 326	(30 981)	(24 655)	Cemetery	8 856	(40 645)	(31 789)
-	(141 457)	(141 457)	Housing Scheme 4	-	1 820 842	1 820 842
10 066	(301 181)	(291 116)	Housing Scheme 5	-	(40 645)	(40 645)
-	(68 095)	(68 095)	Fire Brigade	-	(91 405)	(91 405)
(35 595)	(1 671 347)	(1 706 942)	Workshop	(34 914)	(6 130 011)	(6 164 924)
			Administration: Sport & Recreation			
-	(149 111)	(149 111)	Beaches	-	(41 116)	(41 116)
1 073 481	(2 347 573)	(1 274 092)	Caravan Park	1 365 595	(1 266 456)	99 139
7 299	(206 753)	(199 454)	Community Gym	614	(385 941)	(385 327)
(5 463)	(31 900)	(37 363)	Museum	(5 737)	(46 718)	(52 455)
(2 827)	(377 742)	(380 569)	Recreational Park	(2 464)	(36 986)	(39 450)
			Financial Services			
2 356 269	(2 403 103)	(46 833)	Administration	3 686 375	(8 751 905)	(5 065 531)
9 125 502	(2 837 473)	6 288 029	Assessment Rates	8 479 626	(5 207 739)	3 271 887
			Infrastructure			
10 275 986	(13 705 323)	(3 429 337)	Electricity Service	11 711 609	(14 750 002)	(3 038 393)
2 914 452	(3 419 592)	(505 140)	Refuse Removal	3 155 777	(3 029 507)	126 271
5 249 615	(4 795 750)	453 865	Roads & Storm water	6 454 364	(3 802 720)	2 651 644
2 842 693	(2 933 239)	(90 546)	Sewerage Service	4 487 883	(2 679 351)	1 808 532
-	(3 261)	(3 261)	Sport Ground	-	(21 492)	(21 492)
112 083	(327 718)	(215 635)	Vehicle Testing	91 404	(450 750)	(359 346)
5 824 743	(5 393 896)	430 847	Water Service	5 458 605	(4 682 601)	776 003
60 720 018	(63 300 833)	(2 580 815)	Sub Total	67 226 653	(74 320 288)	(7 093 635)
-	-	-	Less Inter-Departmental Charges	-	-	-
60 720 018	(63 300 833)	(2 580 815)	Total	67 226 653	(74 320 288)	(7 093 635)

APPENDIX D
RICHTERSVELD MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2016	Correction of Error	Restated Balance 30 June 2016	Contributions during the year	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2017	Unspent 30 June 2017 (Creditor)	Unpaid 30 June 2017 (Debtor)
<u>National Government Grants</u>										
Equitable Share	-	-	-	13 498 000	-	(13 498 000)	-	-	-	-
Finance Management Grant	110 595	-	110 595	1 825 000	-	(1 900 845)	(34 750)	(0)	-	(0)
Municipal System Improvement Grant	193 711	-	193 711	-	(193 711)	-	-	-	-	-
Municipal Infrastructure Grant	(160 840)	-	(160 840)	7 001 000	-	57 742	(6 897 902)	-	-	-
Integrated National Electrification Grant	627 078	-	627 078	1 500 000	(627 078)	-	(1 500 000)	-	-	-
Total National Government Grants	770 544	-	770 544	23 824 000	(820 789)	(15 341 104)	(8 432 652)	-	-	-
<u>Provincial Government Grants</u>										
Library	48 290	-	48 290	1 564 000	-	(1 439 766)	(171 362)	1 162	1 162	-
Expanded Public Works Programme	(13 451)	-	(13 451)	1 000 000	-	(483 175)	(503 374)	0	0	-
Accelerated Infrastructure Programme	47 067	-	47 067	-	-	(47 067)	-	-	-	-
Total Provincial Government Grants	81 906	-	81 906	2 564 000	-	(1 970 008)	(674 736)	1 162	1 162	-
<u>District Municipality</u>										
Namakwa District Municipality	31	-	31	-	-	(31)	-	(0)	-	(0)
Total District Municipality Grants	31	-	31	-	-	(31)	-	-	-	-
<u>Other Grant Providers</u>										
Alexkor	65 609	-	65 609	-	-	(8 850)	-	56 759	56 759	-
LG SETA	-	-	-	36 525	-	(36 525)	-	-	-	-
Total Other Grant Providers	65 609	-	65 609	36 525	-	(45 375)	-	56 759	56 759	-
Total Grants	918 090	-	918 090	26 424 525	(820 789)	(17 356 517)	(9 107 387)	57 921	57 921	-

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

Markrisiko Analise: (Slegs van toepassing op alle finansiële instrumente wat aan markrisiko's blootgestel.)

Kwantitatiewe openbaarmaking:

Die volgende inligting word vir openbaarmaking vereis.

- Sensitiwiteitsontleding vir alle markrisiko's (forex, rentekoers en ander prysrisiko's) - wat redelik moontlik is (gebruik oordeel)
- Die metodiek en aannames wat by die sametelling van die sensiwiteitsontleding aangewend is.
- Veranderinge van die vorige tydperk betreffende metodiek en aannames en die rede waarom hierdie veranderinge aangebring is.
- Indien die sensitiwiteitsontleding **onverteenwoordigend** van 'n inherente risiko is (bv die jaareind blootstelling reflekteer nie die blootstelling gedurende die jaar nie), openbaar die feit sowel as die rede waarom dit nie verteenwoordigend is nie.

Increase 1.0%

Decrease 1.0%

	Drabedrag	Rand bedrag wat aan risiko blootgestel is.	Rentekoers risiko			
			Increase in interest rates		Decrease in interest rates	
			1.0%		1.0%	
			Surplus	Reserves	Defecit	Reserves
FINANCIAL ASSETS						
<u>Non Current Assets</u>						
Investments	-	-	-	Nvt	-	Nvt
Long-Term receivables (including current portion)	-	-	-	Nvt	-	Nvt
<u>Current Assets</u>						
Receivables from exchange transactions (net of provision)	49 318 417	-	-	Nvt	-	Nvt
Receivables from non-exchange transactions (net of provision)	35 553 267	-	-	Nvt	-	Nvt
Other debtors	-	-	-	Nvt	-	Nvt
Amounts receivable from associates	-	-	-	Nvt	-	Nvt
Cash and Cash equivalents						
- Positive cash balances and deposits	611 787	611 787	6 118	Nvt	-6 118	Nvt
- Cash on hand	-	-	-	Nvt	-	Nvt
Unpaid conditional grants and subsidies	-	-	-	Nvt	-	Nvt
Impact of financial assets on surplus/(defecit)			6 118	-	-6 118	-
FINANCIAL LIABILITIES						
<u>Non-current liabilities</u>						
			Verlies		Wins	

Long Term liabilities	3 549 736	3 549 736	-35 497	Nvt	35 497	Nvt
Non-current Provisions						
- Rehabilitation of landfill-sites	16 779 072	-	-	Nvt	-	Nvt
- Clearing of Alien Vegetation	-	-	-	Nvt	-	Nvt
Current Liabilities						
Provisions						
- Other (not related to employee benefits)	-	-	-	Nvt	-	Nvt
Trade and Other Payables						
- Trade payables	9 861 864	-	-	Nvt	-	Nvt
- Other creditors that result in an outflow of cash	3 182 959	-	-	Nvt	-	Nvt
- Deposits: Other	401 041	-	-	Nvt	-	Nvt
Unspent conditional government grants and receipts	57 921	-	-	Nvt	-	Nvt
Unspent conditional public contributions and receipts	-	-	-	Nvt	-	Nvt
Short-term loans	-	-	-	Nvt	-	Nvt
Bank Overdraft	-	-	-	Nvt	-	Nvt
Impact of financial liabilities on surplus/(defecit)			-35 497	-	35 497	-
Total Impact on Accumulated surplus/(defecit)			-29 379	-	29 379	-

Nota:

- Oordeel moet toegepas word in die bepaling van die sensitiwiteitsontleding hierbo.
- Die rand bedrag gelykstaande aan die buitelandse geldeenheid (ingesluit in die totale drabedrag) moet hierbo ingevul word.
- Die rentekoers risiko ontleding hierbo is verwant aan finansiële instrumente wat aan 'n spesifieke rentekoers (bv prima) gekoppel is, dus aan veranderlike rentekoerse. **Indien die rentekoers op 'n finansiële instrument 'n vaste koers is, moet 'n aparte sensitiwiteitsontleding uitgevoer word, waar die toekomstige kontantvloei teen die aangepaste koers (sensitiwiteitsontleding) verdiskonteer word om die effek op die wins/verlies te bepaal.**

Markrisiko Analise: (Slegs van toepassing op alle finansiële instrumente wat aan markrisiko's blootgestel.)

Kwantitatiewe openbaarmaking:

Die volgende inligting word vir openbaarmaking vereis.

- Sensitiwiteitsontleding vir alle markrisiko's (forex, rentekoers en ander prysrisiko's) - wat redelik moontlik is (gebruik oordeel)
- Die metodiek en aannames wat by die sametelling van die sensiwiteitsontleding aangewend is.
- Veranderinge van die vorige tydperk betreffende metodiek en aannames en die rede waarom hierdie veranderinge aangebring is.
- Indien die sensitiwiteitsontleding **onverteenwoordigend** van 'n inherente risiko is (bv die jaareind blootstelling reflekteer nie die blootstelling gedurende die jaar nie), openbaar die feit sowel as die rede waarom dit nie verteenwoordigend is nie.

Increase 1.0%
Decrease 1.0%

	Drabedrag	Rand bedrag wat aan risiko blootgestel is.	Rentekoers risiko			
			Increase in interest rates		Decrease in interest rates	
			1.0%		1.0%	
			Surplus	Reserves	Defecit	Reserves
FINANCIAL ASSETS						
Non Current Assets						
Investments	-	-	-	Nvt	-	Nvt
Long-Term receivables (including current portion)	-	-	-	Nvt	-	Nvt
Current Assets						
Receivables from exchange transactions (net of provision)	43 359 529	-	-	Nvt	-	Nvt
Receivables from non-exchange transactions (net of provision)	34 236 740	-	-	Nvt	-	Nvt
Other debtors	-	-	-	Nvt	-	Nvt
Amounts receivable from associates	-	-	-	Nvt	-	Nvt
Cash and Cash equivalents						
- Positive cash balances and deposits	2 294 864	2 294 864	22 949	Nvt	-22 949	Nvt
- Cash on hand	-	-	-	Nvt	-	Nvt
Unpaid conditional grants and subsidies	174 291	-	-	Nvt	-	Nvt
Impact of financial assets on surplus/(defecit)			22 949	-	-22 949	-
FINANCIAL LIABILITIES						
Non-current liabilities						
Long Term liabilities	3 680 286	3 680 286	-36 803	Nvt	36 803	Nvt

Non-current Provisions

- Rehabilitation of landfill-sites
- Clearing of Alien Vegetation

Current Liabilities**Provisions**

- Other (not related to employee benefits)

Trade and Other Payables

- Trade payables
- Other creditors that result in an outflow of cash
- Deposits: Other

Unspent conditional government grants and receipts**Unspent conditional public contributions and receipts****Short-term loans****Bank Overdraft**

Impact of financial liabilities on surplus/(defecit)

Total Impact on Accumulated surplus/(defecit)

15 096 449	-	-	Nvt	-	Nvt
-	-	-	Nvt	-	Nvt
-	-	-	Nvt	-	Nvt
4 887 454	-	-	Nvt	-	Nvt
1 779 499	-	-	Nvt	-	Nvt
330 157	-	-	Nvt	-	Nvt
1 092 381	-	-	Nvt	-	Nvt
-	-	-	Nvt	-	Nvt
-	-	-	Nvt	-	Nvt
-	-	-	Nvt	-	Nvt
		-36 803	-	36 803	-
		-13 854	-	13 854	-

Nota:

- Oordeel moet toegepas word in die bepaling van die sensitiwiteitsontleding hierbo.
- Die rand bedrag gelykstaande aan die buitelandse geldeenheid (ingesluit in die totale drabedrag) moet hierbo ingevul word.
- Die rentekoers risiko ontleding hierbo is verwant aan finansiële instrumente wat aan 'n spesifieke rentekoers (bv prima) gekoppel is, dus aan veranderlike rentekoerse. **Indien die rentekoers op 'n finansiële instrument 'n vaste koers is, moet 'n aparte sensitiwiteitsontleding uitgevoer word, waar die toekomstige kontantvloei teen die aangepaste koers (sensitiwiteitsontleding) verdiskonteer word om die effek op die wins/verlies te bepaal.**